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Office of the Comptroller's Directive No. 2-07

Financial Statement Template Preparation for Higher Education Institutions

Introduction

Subject	This Directive addresses higher education institutions' (HEIs) responsibilities for submitting the financial statement template and other financial information to the Department of Accounts (DOA).
Purpose	<p>This Directive provides guidance to higher education institutions for submitting the following items to DOA to assist in the preparation of the Commonwealth's Comprehensive Annual Financial Report (CAFR).</p> <ul style="list-style-type: none">• Financial statement template based on generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB)• Other required financial information
SAS 112	<p>Statement on Auditing Standards No. 112, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (SAS 112), is effective for fiscal year 2007. SAS 112 states that the identification by the auditors of a material misstatement is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. This includes misstatements involving estimation and judgments. This also includes restatements of previously issued financial statements to reflect a correction of a material misstatement. This applies to whether the auditors or the HEI discovers the restatement. (Note: This does not apply to a change in accounting principle to comply with a new accounting principle or a voluntary change from one GAAP to another.) Institutions and foundations must ensure controls are in place to avoid material misstatements and/or misclassifications in the financial statement template.</p>

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Introduction, Continued

Institution compliance

Institutions are required pursuant to *Code of Virginia, §2.2-803* and *§2.2-813*, as amended, to submit a financial statement template and / or other financial information for the following reasons.

- The financial information required by this Directive is necessary for DOA to prepare the CAFR.
- The bond rating agencies use the CAFR to determine Virginia's bond rating. Maintaining an unqualified opinion on the CAFR is critical to Virginia retaining its AAA bond rating.
- The bond rating agencies require that parts of the CAFR be included in bond offering statements.

Applicability

This Directive applies to the Virginia College Building Authority (VCBA), Roanoke Higher Education Authority (RHEA), Innovative Technology Authority, Institute for Advanced Learning and Research, Southwest Virginia Higher Education Center, Southern Virginia Higher Education Center, New College Institute, and all State-supported higher education institutions (HEIs).

Policy

For year-end closing and financial statement template preparation, all higher education institutions must comply with the following guidelines. These are described in detail on the following pages.

- Preparation of Attachments
- Preparation of Financial Statement Template Work Papers
- Preparation of Financial Statement Template
- Reconciliation to Individually Published Financial Statements
- NACUBO and GASB Guidance
- Preparation of Fluctuation Analyses
- Supplemental Information

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Introduction, Continued

Failure to comply

The *Code of Virginia, §2.2-5004 A3*, identifies “substantial compliance with all financial reporting standards approved by the State Comptroller” as an integral part of the financial and administrative management standards. **DOA will evaluate both the timeliness and accuracy of submissions to DOA to help determine whether the higher education institutions have complied with this management standard.** Failure to comply with this Directive could result in the following:

- The institution may not meet financial and administrative management standards; and
 - The Comptroller may disclose such failure in the *Quarterly Report on Statewide Financial Management and Compliance*.
-

Effective date

This is effective for fiscal years ended June 30, 2007, and thereafter.

This Directive rescinds and replaces Office of the Comptroller’s Directive No. 1-06, “*Financial Statement Template Preparation for Higher Education Institutions*.”

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Introduction, Continued

Questions

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Directive availability

This Directive is available at www.doa.virginia.gov. Higher education institutions' fiscal officers are notified via e-mails. The Commonwealth Accounting and Reporting System (CARS) users are notified via the CARS Broadcast Screen.

Additional information

If DOA determines additional information is needed from the institution not included in this Directive, DOA will contact the institution as needed.

Preparation of Attachments

Listing of attachments

The column below titled “Complete for HEI or Foundation(s)” documents the financial information that must be reported on the attachments. In this section, the acronyms are defined as follows:

- **HEI:** Higher education institution including any blended component units of the HEI.
- **Foundation(s):** For purposes of this directive, this includes any foundation/entity that is a discrete component unit of the HEI as required by GASBS No. 39.

<i>Attachment Letter</i>	<i>Complete for HEI or Foundation(s)</i>	<i>Attachment Name</i>	<i>Due Date</i>
HE-1	HEI	Contact Survey	August 2
HE-2	HEI/ Foundation	Beginning Net Asset Reconciliation	August 2
HE-3	HEI	On-Behalf Payments	August 16
HE-4	HEI	Optional Retirement Plans	August 16
HE-5	HEI	GASBS No. 14 Checklist Modified to Reflect <u>GASBS No. 39</u>	August 16
HE-6	HEI	Federal Schedules	August 30
HE-7 (revised)	HEI	Appropriation Available and Appropriation Revenue	September 7
HE-8 (revised)	HEI	Treasury’s Reimbursement Programs	September 7
HE-9	N/A	Manual Leave Liability Calculation Guidelines	N/A
HE-10	HEI/ Foundation	Financial Statement Template (The tabs within this attachment are listed below.)	September 27
	HEI/ Foundation	FST	
	HEI/ Foundation	Elimination Entries to FST	
	HEI/ Foundation	Checklist	
	HEI	TAB 1A, GASBS 3	
	HEI	TAB 1B, GASBS 31	
	HEI	TAB 2, Receivables	
	HEI	TAB 3, Capital Assets	

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Preparation of Attachments, Continued

Listing of attachments, *continued*

<i>Attachment Letter</i>	<i>Complete for HEI or Foundation(s)</i>	<i>Attachment Name</i>	<i>Due Date</i>
HE-10	HEI	TAB 5, LT Liabilities	September 27
	HEI	TAB 6, Commitments	
	HEI	TAB 7, Miscellaneous	
	HEI	TAB 8, Short-term Debt	
	HEI	TAB 9, Inv. in Cap Assets (new)	
	Foundation	Combining FST	
	Foundation	TAB F1, Cash, Cash Eqv, & Inv	
	Foundation	TAB F2, SNAP & LGIP	
	Foundation	TAB F3, Receivables	
	Foundation	TAB F4, Capital Assets	
	Foundation	TAB F5, LT Liabilities	
	Foundation	TAB F5.1, LT Liabilities	
	Foundation	TAB F6, Commitments	
	Foundation	TAB F7, Miscellaneous	
	HEI/ Foundation	TAB F8, Intrafund	
	Foundation	TAB F9, Short-term Debt	
	Foundation	TAB F10, Inv in Cap Assets (new)	
	HEI/ Foundation	Certification (new)	
HE-10A	HEI	Schedule of Cash, Cash Equivalents, and Investments at June 30	September 27
HE-11	HEI/ Foundation	Reconciliation	September 27
HE-12	HEI/ Foundation	Adjustments	September 27
HE-13	HEI	Report of Financial Condition	October 11

Note: There is no TAB 4 in the Attachment HE-10. In addition Attachment HE-8, Treasury's Reimbursement Programs, replaces the prior year's Attachment HE-8, Equipment Trust Fund (ETF) Program, to include information on the following reimbursement programs administered by the Department of Treasury: Virginia College Building Authority (VCBA) 21st Century, VCBA ETF, General Obligation Bonds (GOB) 9b, and Virginia Public Building Authority.

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Preparation of Attachments, Continued

Attachment changes from the prior year

Refer to the instructions for each attachment for a summary of the changes to the attachment from the prior year.

In addition, a listing of changes and items of interest was e-mailed to fiscal officers and is posted on DOA's website at www.doa.virginia.gov. Click on the "Financial Reporting" link, then click on "Financial Statement Directives."

Informational

There are numerous comments within the Excel spreadsheets that provide clarification regarding information that should be provided. Many cells have validation features to ensure information is entered correctly. If information is not entered correctly, an error message will display. Some of the validation functions are as follows: only yellow highlighted cells allow for data entry, only enter whole dollar amounts, amounts on the financial statement template (FST), Combining FST, or Elimination Entries to FST must agree to the applicable footnote tabs.

Check figures have been added in red to provide total amounts that should help determine why an "ERROR" message appears in a cell.

Submission information

Except as noted on specific attachments, DOA **requires** the institution to e-mail the attachments, and / or supplemental information to DOA's **new** e-mail address at: finrept-HE@doa.virginia.gov. DOA will e-mail a confirmation of receipt for each electronic submission. Institutions should follow-up with DOA if the institution does not receive a confirmation.

Institutions should not submit paper copies of e-mailed attachments.

DOA will also notify institutions if submissions do not meet the specified standards. If a submission is deemed unacceptable and rejected by DOA, the institution will be provided a short window of opportunity to resubmit the information in a manner that adequately addresses the deficiencies noted by DOA.

Institutions should copy APA on all e-mail submissions at:
APAFinRept@apa.virginia.gov.

Preparation of Financial Statement Template Work Papers

Introduction

Each institution must prepare work papers, including any year-end adjusting entries, that clearly support the preparation of the financial statement template, combining financial statement template, elimination entries to FST, footnote/informational tabs, and the reconciliation of the individually published financial statements to the financial statement template.

Guidelines for financial statement work papers

- Reconcile work papers to the internal accounting system.
 - Provide an adequate audit trail so the work papers may be tested to ensure the accuracy of the amounts presented.
 - Have work papers ready for review by the APA as soon as possible after year-end close, but not later than the submission of the associated statements, schedules and attachments.
-

Suggested work papers

The following is a list of suggested work papers but is not all-inclusive:

- Trial balances of funds maintained on the institution's accounting system;
 - Trial balances of other funds of the institution that are not maintained on CARS;
 - Schedules to combine the two sets of trial balances above;
 - An itemized listing of capital assets as of year-end which reconciles to the institution's internal accounting system; and,
 - A detailed reconciliation of institution debt balances to Department of Treasury audit confirmation schedules.
-

Preparation of Financial Statement Template

FST columns

This section provides information for recording amounts for the HEI on Attachment HE-10, Financial Statement Template. As noted previously, **HEI** is defined in this section as the higher education institution including any blended component units of the HEI.

The Financial Statement Template (FST) tab has the following columns:

- **HEI Total Year-End June 30, 2007:** This should be balances/activity of the HEI and any blended component units. Any significant intrafund balance/activity amounts between the HEI and its blended component units must be excluded from this column.
- **Foundation(s) Year-End Totals:** This column is linked to the Combining FST tab which must be completed for all discrete foundation(s).
- **Elimination Entries:** This column is linked to the Elimination Entries to FST tab. This is for eliminating significant intrafund balance/activity amounts between the HEI and discrete foundation(s).
- **Combined Total:** This column has the amounts that will be reported in the CAFR with some exceptions. DOA will make certain adjustments to these amounts; therefore, amounts in this column do not always equal the amounts that are reported in the CAFR.
- **HEI Total Prior Year:** Significant variances between prior year and current year totals must be explained.
- **Foundation(s) Total Prior Year:** Significant variances between prior year and current year totals must be explained.

Applicable GASB statements

GASBS No. 35 amended GASBS No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, to include public colleges and universities. **GASBS No. 34 is used in this document to refer to GASBS No. 34 and GASBS No. 35.**

All other applicable Generally Accepted Accounting Principles (GAAP) must be followed.

Note: A Generally Accepted Accounting Principles (GAAP) Master List is available on DOA’s website at www.doa.virginia.gov. Click on the “Financial Reporting” link, then click on “Financial Statement Directives.” This list is for informational purposes only and is neither authoritative nor all-inclusive.

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Preparation of Financial Statement Template, Continued

Funds to be reported

All funds must be presented in the financial statement template, regardless of whether the funds are recorded on CARS. This includes all trust, local, and endowment funds.

Instructions for completing financial statement template

Detailed instructions for completing the financial statement template are found in the **Instructions for Attachment HE-10**.

Also, see **Additional Guidelines for Preparation of the Financial Statement Template** section.

Reconciliation to Individually Published Financial Statements

Requirement

Attachment HE-11, Reconciliation, requires higher education institutions (HEIs) to reconcile the HEI's individually published financial statements submitted pursuant to Attachment HE-13, Report of Financial Condition, to the Attachment HE-10, Financial Statement Template. This must be provided in DOA's format. See instructions for Attachment HE-11 for additional information. This Attachment HE-11, Reconciliation, must be submitted along with the Attachment HE-10, Financial Statement Template, by September 27th.

NACUBO and GASB Guidance

NACUBO guidance

Position papers and other guidance issued by NACUBO represent level 5 GAAP. This guidance should be followed by all higher education institutions in the absence of any guidance from the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), or the American Institute of Certified Public Accountants (AICPA).

Continued on next page

NACUBO and GASB Guidance, Continued

Current imple- mentation

The following Governmental Accounting Standards Board (GASB) statement is effective for the Commonwealth for fiscal year 2007: GASBS No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEBs). Most likely this statement does not apply to an institution unless the institution rather than the Commonwealth of Virginia is the administrator of an OPEB.

GASBS No. 28 reporting

DOA will provide asset, liability, income, and expense amounts for each institution's share of securities lending transactions, **if any**, held in the **General Account of the Commonwealth**. This information and guidance on where these amounts should be recorded on the financial statement template will be provided in a separate document.

Future imple- mentations

GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establish uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans. This statement is effective for the Commonwealth beginning in fiscal year 2008.

GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*, is effective for the Commonwealth beginning in fiscal year 2008.

GASBS No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, is effective for the Commonwealth beginning in fiscal year 2009.

Note: The Commonwealth's policy is **no early implementation** of any GASB Statement. If an institution early implements any GASB Statement in its individually published financial statements, the Attachment HE-10, Financial Statement Template, submission must exclude the effects of any early implementations.

Preparation of Fluctuation Analyses

Due date	<p>All institutions must provide a fluctuation analyses for the financial statement template and submit electronically to the APA and DOA by September 27, 2007.</p> <p>Note: In prior years, UVA, VPI, VCU, VCBA, and ITA were not required to submit fluctuation analyses because APA audits these institutions prior to December 15 and will review the analyses at the institutions. However, these institutions are no longer granted an exemption to this requirement and must provide explanations for significant fluctuations. The reason for the change is because of SAS 112. In addition, a significant fluctuation on the template that cannot be explained could be an indication that an amount was reported on an incorrect financial statement template line item.</p>
Requirements	<p>DOA has included a fluctuation analyses format on the financial statement template file. For the prior year amounts to appear, the HEI must first select the institution's acronym. Prior year financial statement template amounts for the HEI and the foundation(s) will appear in the applicable columns and the #N/As will disappear. There are also columns to show dollar and percentage variances. Columns are available for note references to explain material fluctuations for the HEI and foundations(s) in a separate document.</p>
How to determine materiality	<p>Refer to Additional Guidelines for Preparation of the Financial Statement Template section for guidance in determining materiality. Materiality must be calculated on the HEI and foundation(s) totals separately.</p>
Review of fluctuation analyses	<p>Each institution's fiscal officer should review fluctuation analyses, and any significant fluctuations should be explained.</p>
Additional explanations	<p>DOA may request explanations for significant fluctuations that are not explained. For example, if a template line item increased 8% and \$7,000,000 and it is not explained because the variance was less than 10%, DOA may request an explanation.</p>

Supplemental Information

The College of William and Mary (CWM)

The following is due to DOA by **September 27, 2007**: Supporting schedules for the Statement of Net Assets and Statement of Activities that includes amounts for CWM, Virginia Institute of Marine Science, Richard Bland College, blended component units (if any), and elimination entries of significant intrafund balance/activity amounts.

Department of Treasury/ Virginia College Building Authority (VCBA)

Provide the following information by **August 1, 2007**:

- FY 2007 cash basis reimbursements to higher education institutions for the following programs: VCBA 21st Century, VCBA Equipment Trust Fund, General Obligation Bonds (9b), and Virginia Public Building Authority. DOA will provide the format in a separate communication.

Provide the following information by **September 4, 2007**:

- Payables to higher education institutions as of year-end for the following programs: VCBA 21st Century, VCBA Equipment Trust Fund, General Obligation Bonds (9b), and Virginia Public Building Authority. DOA will provide the format in a separate communication.

Provide the following information by **September 27, 2007**:

- VCBA Financial Statements (fund statements reconciled to government-wide financial statements),
 - Debt service requirements for FY 2007 (including pooled bond issuances by institution for FY 2007), and
 - Other information required to properly report VCBA and other Treasury activity in the CAFR. DOA will provide in a separate communication.
-

Virginia Commonwealth University (VCU)

For CAFR reporting purposes, the VCU Health System Authority is treated as a blended component unit when completing attachments. Significant intrafund balance/activity amounts among VCU and the VCU Health System Authority must be excluded from amounts reported on the financial statement template.

Virginia Community College System

The following is due to DOA by **September 27, 2007**: Supporting schedules for the Statement of Net Assets, Statement of Activities, and elimination entries of significant intrafund balance/activity amounts.

Continued on next page

Supplemental Information, Continued

All institutions- other requirements

- The following is due to DOA by **October 11, 2007**: Letter of Transmittal, including a general statement regarding the institution's internal control to ensure compliance with the *Commonwealth Accounting Policies and Procedures (CAPP) Manual* Topic 10305, Internal Control. (Note: In future years, institutions will be required to submit this internal control statement as required by Comptroller's Directive No. 1-07, Required Implementation of Agency Risk Management and Internal Control Standards.)
 - DOA will provide in separate communications any additional institution or foundation information needed and the required date it must be submitted to DOA. The institution will be responsible for submitting the information to DOA by the specified date.
-

Additional Guidelines for Preparation of the Financial Statement Template

GASBS No. 34 Reporting Requirements

CAFR Reporting

All HEIs must complete the following for **FY 2007**:

- Statement of Net Assets and Statement of Activities (Attachment HE-10, Financial Statement Template), and
 - Notes to the Financial Statements (Obtained from Attachment HE-10 and other attachments).
-

Infrastructure

In addition, this statement requires the Commonwealth and HEIs to report infrastructure assets.

The State Comptroller elected and the Auditor of Public Accounts approved the **historical approach** to report infrastructure assets pursuant to the authority granted them in Section 2.2-813 of the *Code of Virginia* (1950), as amended.

The HEIs **must** use the **historical approach** to report infrastructure assets.

Determination of Materiality

How to determine materiality

Refer to the fluctuation analyses format on the financial statement template file and use the following to determine materiality on the HEI and foundation totals separately.

- 1) Determine materiality for the institution based on activity reported on the institution's financial statement template using the **HEI Total Year-End June 30, 2007** column.
- 2) Select the larger of total assets or total revenue as reported on the institution's current year financial statement template as the **base amount** for determining materiality. Using columns A and B, find the row that contains the **base amount**. **The corresponding amount in column C is the materiality scope**. Investigate any variances between the current and prior year activity at the template line item level that are greater than the materiality scope **AND** greater than or equal to 10%.
- 3) Determine materiality for the foundation(s) total based on activity reported on the institution's financial statement template using the **Foundation(s) Year-End Totals** column. Perform step 2.

Example: An institution has total assets of \$180,000,000 and total revenues of \$70,000,000. The base amount would be total assets of \$180,000,000. The materiality scope would be \$365,000.

A	B	C
0	50,000	1,000
50,001	100,000	3,000
100,001	500,000	4,000
500,001	1,000,000	13,000
1,000,001	5,000,000	18,000
5,000,001	10,000,000	50,000
10,000,001	50,000,000	80,000
50,000,001	100,000,000	240,000
100,000,001	300,000,000	365,000
300,000,001	1,000,000,000	725,000
1,000,000,001	3,000,000,000	1,775,000
3,000,000,001	10,000,000,000	4,175,000
10,000,000,001	30,000,000,000	10,475,000
30,000,000,001	100,000,000,000	22,475,000

***Please note that the material dollar amounts in column C are consistent with materiality guidelines established for the CAFR and may differ from the materiality guidelines required by each institution's auditors.**

Cash Held with the Treasurer of Virginia

Cash to be included

Report GLA 101 cash for all funds **except** the General Fund (fund 0100) on the Cash held with the Treasurer of VA line or Restricted Cash Held with the Treasurer of VA financial statement template line items. General Fund GLA 101 cash that will be reappropriated* should be reported as either Appropriation Available-Capital Projects or Appropriation Available-Other depending on the program.

See the Instructions to Attachment HE-7, Appropriation Available and Appropriation Revenue, for additional guidance. Also, see the Instructions to Attachment HE-10 (TAB 1A, GASBS 3). Specifically, see the instruction for Cash held with the Treasurer of Virginia.

Note *: All amounts reappropriated must be supported by Department of Planning and Budget authorizations.

Inventory

Items included in inventory

Include materials and supplies in the inventory line item on the financial statement template. Disclose any liens from pledging or assigning inventory in the Part 1 Inventory section of Attachment HE-10 (TAB 7, Miscellaneous).

Items not included in inventory

Do not include consigned inventory and donated food in inventory. Donated food must still be counted for federal reporting purposes, even though it is not reported on the financial statement template.

Method to use for reporting inventory

Use the **consumption method** when reporting inventory. This reporting method stipulates that inventory items to be used in operations must be reported as financial resources (assets) when acquired, and expenses must be recognized when the items are used. Many institutions may be currently recording inventory items as expenses when purchased (the purchase method); therefore, this accounting methodology requires an adjusting journal entry to record an asset and to reduce expenses for the unused inventory as follows:

Debit: Inventory	XXX	
Credit: Expenses		XXX

Equipment

Internal use computer software costs

Include any capitalized costs for internal use computer software in the Equipment line item. See CAPP Manual Topic 30305, “Software Purchased or Developed for Internal Use” for additional information. Any inquiries may be addressed to the following:

Bobby Eddleton, Assistant Director of Financial Reporting
Phone: (804) 225-2257
E-mail: Bobby.Eddleton@doa.virginia.gov

Andrew Short, Senior Accounting/Financial Analyst
Phone: (804) 225-2002
E-mail: Andrew.Short@doa.virginia.gov

Accounts Payable

What should be included?

The line item “accounts payable” has the following categories:

- Accounts payable
- Retainage payable
- Wages and salaries payable
- Other

A description must be provided for amounts reported on the Accounts Payable – Other line item.

Net Assets - Endowment

Classifying endowments

Contributions to permanent **and** term endowments should be reported as separate line items on the financial statement template. The line items are “Contributions to Permanent Endowments” and “Contributions to Term Endowments.”

The net assets of permanent and term endowments **are** distinguished on the financial statement template in the Statement of Net Assets section as follows:

Permanent Endowment – Permanent endowment funds are funds with respect to which donors or other outside agencies have stipulated that the principal be maintained in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal. Therefore, the principal portions should be reported as restricted net assets – nonexpendable and the investment income should be reported as restricted net assets – expendable. The unrealized appreciation may be nonexpendable or expendable depending on the donor’s specifications and applicable state law.

Term Endowment – Similar to permanent endowment funds except that, upon passage of a stated period of time or the happening of a particular event, all or a part of the principal may be expended. Therefore, only a temporary restriction on net assets exists and term endowment funds should be reported as restricted net assets – expendable.

Quasi-Endowment – Quasi-endowment funds are funds which the governing board of an institution, rather than a donor or outside agency, has determined are to be retained and invested. Since these funds are internally designated rather than externally restricted, the governing board has the right to decide at any time to expend the principal. Therefore, quasi-endowment funds may be either restricted or unrestricted. Quasi-endowments created with restricted resources must be reported as expendable restricted net assets. Those created with unrestricted resources must be reported with unrestricted net assets, but could be described in a note to the financial statements indicating that they have been designated for long-term investment.

Miscellaneous

Depreciation

Depreciation expense and the related accumulated depreciation of property, plant and equipment, including infrastructure, **must** be reported in accordance with GASBS No. 34.

Expenses and revenues

For CAFR reporting, total expenses for the higher education institution are reported. The financial statement template has one line item to report **Operating and Nonoperating Expenses**.

The program revenue line items on the financial statement template include three **total program revenue** line items as follows: **Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions**. See Appendix 1, Revenue Classifications, for additional information regarding certain revenue line items.

Gain/loss on sale/disposal/impairment of capital assets

For CAFR reporting, the loss on the sale/disposal/impairment of capital assets* should be reported with expenses. There is a line item after operating and nonoperating expenses on the financial statement template to record this amount. Also, there is a line item under the general revenues section to report the gain on the sale/disposal/impairment of capital assets*.

*Exception to the above reporting: If any gain/loss on the sale/disposal/impairment of capital assets qualify as a special or extraordinary item, then the amounts must be reported on those line items.

Scholarships discounts and allowances

NACUBO published Advisory Report 2000-05, *Accounting and Reporting Scholarship Discounts and Allowances to Tuition and Other Fee Revenues by Public Institutions of Higher Education*. The “alternative method” described in this report represents preferred industry practice for all public schools, colleges, and universities in the absence of any guidance from the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the American Institute of Certified Public Accountants.

The GASBS No. 35 Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, questions 79 through 87, also addresses specific scholarship issues.

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Miscellaneous, Continued

Summer school sessions that cross fiscal years	The <u>GASBS No. 35</u> Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, question 39, states that revenues and expenses for a summer session should be allocated between the two fiscal years. Appropriate amounts should be recognized in the accounting period in which they are earned or incurred and become measurable.
Unrealized gains and losses	Unrealized gains and losses should be reported as revenue in accordance with paragraph 13 of <u>GASBS No. 31</u> .
Contract and grant revenues and indirect cost recoveries	<p>A contract or grant considered to be an exchange transaction will generally be for program activities and should be treated as operating revenue. Grants that represent nonexchange transactions are treated as nonoperating revenues. (See the <u>GASBS No. 35</u> Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, question 38.)</p> <p>Indirect cost recoveries associated with exchange transactions should be recorded as operating revenues and indirect cost recoveries associated with nonexchange transactions should be recorded as nonoperating revenues. (See the <u>GASBS No. 35</u> Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, question 41.)</p>
Bonds payable	The bonds payable amount reported on the financial statement template must be reconciled to the Department of Treasury schedules plus any institutional debt (i.e., debt not issued through Treasury). If the amounts do not agree to Treasury's balances plus institutional debt, a reconciliation must be provided by the institution and submitted with Attachment HE-10.

Continued on next page

Miscellaneous, Continued

Lag pay	Record any applicable lag pay accruals in the financial statement template. At a minimum, this will require recording of the July 2 (June 10-24 pay period) and a portion of the July 16 (June 25-30 pay period) payrolls.
Extraordinary items	This represents transactions/events that are both unusual in nature and infrequent in occurrence. A description must be provided for these items.
Special items	This represents significant transactions/events that are within the control of management and are unusual in nature or infrequent in occurrence. A description must be provided for these items.
Elimination entries	<p>Line items are provided on the financial statement template to record significant intrafund balance/activity amounts between the HEI and the foundation(s) and/or among the foundations*. The use of these line items is optional. If these line items are used, the amounts reported on these line items must be eliminated and the ending balances should be zero in the Combined Total column on the financial statement template. See the section titled: Combining Financial Statement Template Preparation for Foundation(s) and instructions for Attachment HE-10 for additional guidance.</p> <p>Note*: Elimination of significant intrafund balance/activity amounts between the HEI and the foundations must be recorded on the Elimination Entries to FST tab. Elimination of significant intrafund balance/activity amounts among the foundations must be recorded on the Combining FST tab.</p>

Combining Financial Statement Template Preparation for Foundation(s)

Introduction

Background

GASBS No. 39 has resulted in approximately seventy-one foundations being reported in the FY 2006 CAFR. This section provides guidance for converting a foundation's financial statements into the Combining Financial Statement Template tab (Combining FST) included in the Attachment HE-10, Financial Statement Template. These foundations must also be included in the HEI's individually published financial statements. This guidance **does not** address reporting issues for converting the foundation's financial statements into the HEI's individually published financial statements. The guidance only addresses financial reporting at the CAFR level.

As noted previously, **foundation** is defined in this directive as a foundation/entity that is considered a discrete component unit of the HEI as required by GASBS No. 39. Foundations are primarily a non-profit charitable entity that exist solely to assist and support the HEI and are exempt from federal income tax under the Internal Revenue Code Section 501(c)(3). These foundations report under FASB rather than GASB standards. Financial statements are presented under SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

Continued on next page

Introduction, Continued

Attachment HE-10

As noted previously, the following tabs are included in **Attachment HE-10** to obtain **foundation** financial and footnote information:

- Combining FST
 - TAB F1, Cash, Cash Eqv, & Inv
 - TAB F2, SNAP & LGIP
 - TAB F3, Receivables
 - TAB F4, Capital Assets
 - TAB F5, LT Liabilities
 - TAB F5.1, LT Liabilities
 - TAB F6, Commitments
 - TAB F7, Miscellaneous
 - TAB F8, Intrafund
 - TAB F9, Short-term Debt
 - TAB F10, Inv in Cap Assets (**new**)
-

Combining FST

Most HEIs have at least one foundation but some have as many as eight. The Combining FST has eight columns available to report amounts for each foundation. The **Elimination Entries** column is to eliminate significant intrafund balance/activity amounts among the foundations. The **Foundation(s) Year-End Totals** column totals all columns. The FST is linked to this column. If applicable, the footnote information provided must agree to the Combining FST amounts or “Error” messages will appear.

Most foundations have a June 30th year-end. Some foundations have a December 31st year-end. **The foundations with a December 31st year-end must complete the Combining FST for the year-ended December 31, 2006.**

Attachment changes from the prior year

Refer to the instructions for the Attachments HE-2, HE-10, and HE-11 for a summary of the changes from the prior year.

In addition, a listing of changes and items of interest was e-mailed to fiscal officers and is posted on DOA’s website at www.doa.virginia.gov. Click on the “Financial Reporting” link, then click on “Financial Statement Directives.”

Continued on next page

Introduction, Continued

Conversion issues

The following is a list of some issues that may require additional information from the foundation in order for the HEI to convert the foundation's financial statements into the Combining FST by the required due date. **Please note that this list is not all inclusive.**

- The HEI should take steps to ensure the foundation will provide accurate and complete information so the HEI can meet the September 27th attachment deadline.
 - If the foundation does not prepare the **Statement of Financial Position** in a **classified format**, the HEI must obtain the long-term liabilities due within one year/due in greater than one year by line item and **net receivables** to be collected in greater than one year.
 - Since **depreciable and nondepreciable capital assets** must be reported on separate line items in the CAFR, capital asset gross amounts and accumulated depreciation amounts by asset type must be provided.
 - The net asset line item **Invested in Capital Assets, Net of Related Debt** must be determined. Generally, unrestricted net assets should be reduced by the amount that should be reported as Invested in Capital Assets, Net of Related Debt (i.e. bonds payable, notes payable, capital leases, etc.).
 - Revenues must be classified as **Program or General Revenues** (see Appendix 1, Revenue Classifications, for additional information).
 - **Significant intrafund balance/activity** amounts **between foundations** must be **eliminated** on the Combining FST. **Significant intrafund balance/activity** amounts **between the HEI and foundations** must be eliminated on the Elimination Entries to FST tab. Note: Significance must be determined by each HEI using professional judgment.
 - If **significant intrafund balance/activity amounts cannot be eliminated** because the foundation has a December 31st year-end, these amounts must be reported on Attachment HE-10, Financial Statement Template, TAB F8, Intrafund.
 - If the foundation has any investments in **SNAP or LGIP**, account numbers and balances must be provided.
-

Line Items

General

Many of the foundation financial statement line items can easily be converted into the Combining FST line items. Some line items are not as easily converted and additional information may be needed from the foundation. The Combining FST does not include line items that are unique to the HEI (i.e. appropriations available, appropriations revenue, etc.). Some line items are discussed in the following sections.

Cash, cash equivalents, and investments

The following line items are to report any cash and cash equivalents:

- **Cash and Cash Equivalents**, and
- **Restricted Cash and Cash Equivalents**.

The following line items are to report any investments:

- **Investments**, and
- **Restricted Investments**.

The above line items can **only** be used to report foundation amounts. Attachment HE-10, Financial Statement Template, **TAB F1** must be completed for cash, cash equivalents, and investment footnote disclosures.

Contributions receivable, net

Contributions Receivable, Net represents a promise a donor makes to give the foundation a contribution that is, in substance, unconditional. They are reported at the present value of their estimated future cash flows. CAFR footnote disclosure will mirror the foundation's footnotes with the following information: receivable due in less than one year, receivable due between one and five years, receivable due in greater than five years, discount amount, allowance amount, and discount rates used to determine present value. This line item can **only** be used for the foundations.

Attachment HE-10, Financial Statement Template, **TAB F3 Part 2** must be completed for this line item.

Continued on next page

Line Items, Continued

Short-term debt (i.e. lines of credit) & BANS

Many foundations have **Short-term Debt (i.e. lines of credit)**. Bond anticipation notes payable (BANS) amounts must be reported on the Long-Term Liabilities – Bond Anticipation Notes Payable line items. (Note: The HEI can also report amounts on the FST on this line item.)

Attachment HE-10, Financial Statement Template, **TAB F9 Part 1** must be completed for the Short-term Debt line item and **Part 2** must be completed for the BANS.

Long-term liabilities – trust and annuity obligations

Long-Term Liabilities – Trust and Annuity Obligations represent obligations owed to beneficiaries under the terms of trust or annuity agreements. For example, split-interest agreements usually provide that the HEI or foundation act as trustee for the gift assets, with the requirement that an annual distribution be made to a specified beneficiary. These distributions are usually for a fixed dollar amount (annuity trust) or a fixed percentage of the trust's fair market value (unitrust).

The amount due within one year and the amount due in greater than one year must be reported separately on the financial statement template. (Note: The HEI can also report amounts on the FST for this line item.)

Increase/decrease in split-interest agreements

The following two line items are to report the changes in split-interest agreements:

- **Increase in Split-Interest Agreements**, and
- **Decrease in Split-Interest Agreements**.

(Note: The HEI can also report amounts on the FST for these line items. The Comprehensive Implementation Guide – 2005, question 7.324 explains how split-interest agreements should be reported by the HEI under GASBS No. 34 and GASBS No. 35.)

Continued on next page

Line Items, Continued

Intrafund balance/ activity

The following line items may be used to report significant intrafund balance/activity amounts among the foundations and among the HEI and the foundation(s). After all amounts, including elimination entries, are entered on the Combining FST and /or the Elimination Entries to FST, the Combined Total amount for these line items should be zero.

Due from Foundation(s)

Due to Foundation(s)

Due from Higher Education Institution *

Due to Higher Education Institution*

Payments/Support from Foundation(s)

Payments/Support to Foundation(s)

Payments/Support from Higher Education Institution*

Payments/Support to Higher Education Institution*

*These line items can only be used by the foundation. The remaining line items can be used by either the HEI or the foundation.

The HEI will need to work with each foundation to determine what significant intrafund balance/activity amounts are reported on the foundation's financial statements and help determine what elimination entries are necessary.

The Combining FST has an elimination entry column that must be used to eliminate significant intrafund balance/activity amounts among the foundations. The FST is linked to the Elimination Entries to FST tab that must be used to eliminate significant intrafund balance/activity amounts among the HEI and the foundation(s).

Any insignificant intrafund balance/activity amounts not eliminated should be reported on other financial statement template line items. Also, any significant intrafund balance/activity amounts not eliminated because the foundation has a December 31st year-end must be reported on Attachment HE-10, Financial Statement Template, TAB F8, Intrafund.

Note: Significance must be determined by each HEI using professional judgment.

Continued on next page

Line Items, Continued

Net assets

The following two line items are to report foundation amounts:

- **Net Assets/Restricted/Nonexpendable/Permanently Restricted**, and
- **Net Assets/Restricted/Expendable/Temporarily Restricted**.

Foundations report their net assets in one of three categories: Unrestricted, Temporarily Restricted, and Permanently Restricted. These line items are to report the temporarily restricted and permanently restricted net assets.

The foundation's **unrestricted net asset** amount must be **reduced** by the **invested in capital assets, net of related debt** (i.e. bonds payable, notes payable, capital leases, etc.) amount. Also, there is a new TAB F10, Inv in Cap Assets, (replaces prior year's TAB F7-Part 9) to document how the invested in capital assets, net of related debt amount was computed.

Revenue Classification

Revenues

The foundations' revenues must be analyzed to determine **both** the appropriate revenue classification and whether any significant revenues represent payments/support from the higher education institution or other foundations. If so, those amounts may be reported on the Combining FST as one of the following line items.

- Payments/Support from Foundation(s)
- Payments/Support from Higher Education Institution

The following are the other revenue line items on the Combining FST.

- Program Revenues – Charges for Services
- Program Revenues – Operating Grants and Contributions
- Program Revenues – Capital Grants and Contributions
- Grants & Contributions not Restricted to Specific Programs
- Investment Earnings
- Miscellaneous Revenues
- Contributions to Permanent Endowments
- Contributions to Term Endowments

See the Appendix 1, Revenue Classifications, for additional information regarding these revenue classifications.

Expenses

Total expenses

The foundation's total expenses can be reported on one line item on the Combining FST. Any significant expenses that represent payments/support to the higher education institution or other foundations may be reported on the Combining FST as one of the following line items.

- Payments/Support to Foundation(s)
 - Payments/Support to Higher Education Institution
-

Footnotes

Summary

The following tabs are included in the Attachment HE-10, Financial Statement Template, and are to obtain footnote/other information for foundations:

- TAB F1, Cash , Cash Eqv, & Inv,
- TAB F2, SNAP & LGIP,
- TAB F3, Receivables,
- TAB F4, Capital Assets,
- TAB F5, LT Liabilities,
- TAB F5.1, LT Liabilities,
- TAB F6, Commitments,
- TAB F7, Miscellaneous,
- TAB F8, Intrafund,
- TAB F9, Short-term Debt, and
- TAB F10, Inv in Capital Assets.

Continued on next page

Footnotes, Continued

Additional information needed

While most footnote information requested should mirror the foundation's footnotes, there are some instances where the foundation footnotes may not include required information. The following listing identifies tabs that may require additional information. (Please be aware that this may not be an all-inclusive listing.)

- **TAB F1, Cash, Cash Eqv, & Inv:** If the foundation has any investments/cash equivalents in SNAP or LGIP, the account numbers, line item, and year-end balances must be provided on **TAB F2, SNAP & LGIP**.
 - **TAB F3, Receivables - Part 1:** For any amounts reported on the Receivables, Net line item, the following must be provided: gross amounts for accounts receivable, loans/mortgage receivable, interest receivable, other receivables, and total allowance for doubtful accounts. Also, the receivable, net amount expected to be collected in greater than one year must be provided. A description must be provided for "Other Receivables."
 - **TAB F4, Capital Assets:** Year-end capital asset gross amounts and accumulated depreciation amounts by asset type must be provided.
 - **TAB F5, LT Liabilities:** This includes a **new** Part 5 that requires a description of Long-term Liabilities – Other.
 - **TAB F7, Miscellaneous - Part 6:** If the foundation has a December 31st year-end and significant intrafund balance/activity amounts cannot be eliminated, **TAB F8, Intrafund**, must be completed.
 - **TAB F7, Miscellaneous - Part 7:** This requires a description of **Other Assets** and **Other Restricted Assets**.
 - **TAB F7, Miscellaneous – Part 8:** If an amount is reported on the **Other Liabilities** line item, a description must be provided.
 - **TAB F10, Inv in Cap Assets:** This is a new tab to document the **Invested in Capital Assets, Net of Related Debt amount**. This was previously documented on TAB F7-Part 9.
-

Elimination Entries

Requirement

As previously noted, the “Elimination Entries” column on the Combining FST must be used to eliminate significant intrafund balance/activity amounts among the foundations. If the HEI only has one foundation, no elimination entries are needed on this tab.

The “Elimination Entries” column on the FST is linked to the Elimination Entries to FST tab. This tab is to be used to eliminate significant intrafund balance/activity amounts among the HEI and the discrete foundation(s). Generally, the “to” and “from” elimination entry amounts should equal; therefore, total ending net asset amounts should not be increased or decreased as a result of these entries.

Continued on next page

Elimination Entries, Continued

Options

Option 1) The following line items may be used to report significant intrafund balance/activity amounts:

- Due from Foundation(s),
- Due to Foundation(s),
- Due from Higher Education Institution,
- Due to Higher Education Institution,
- Payments/Support from Foundation(s),
- Payments/Support to Foundation(s),
- Payments/Support from Higher Education Institution, and
- Payments/Support to Higher Education Institution.

If the above line items are used, the elimination entries must be recorded to eliminate all amounts recorded on these line items. If the “Combined Total” amounts on the FST for these line items are not zero after entering all elimination entries, an “Error” message will appear.

Option 2) The above line items are optional. If the HEI chooses not to use these line items, the significant intrafund balance/activity amounts that are reported on other line items must be eliminated. For example, the HEI may record significant Payments/Support from Foundation(s) on one of the other revenue line items. The Foundation(s) may record the significant Payments/Support to the Higher Education Institution under the operating and nonoperating expenses line item. The elimination entries could be made to the appropriate revenue and expense line items.

Whichever option is followed, keep in mind the following: 1) Significant intrafund balance/activity amounts between the HEI and the foundation(s) and among the foundations must be eliminated. 2) The net affect on net assets for the Elimination Entries column on the FST and on the Combining FST should be zero. 3) Supporting documentation must be maintained by the HEI to document these elimination entries and also to document any significant balance/activity amounts not eliminated because of the foundation’s December 31st year-end.

Additional Information

Additional Requests

Additional reporting issues may arise during the CAFR preparation and/or throughout the year regarding the CAFR. As such, DOA may request additional information. DOA will not contact foundations directly for any information regarding amounts reported for the foundations. DOA will contact the HEI, and the HEI is responsible for providing the requested information within the specified timeframe.

Attachment HE-10

See also instructions for Attachment HE-10, Financial Statement Template, for recording amounts on the Combining FST and related footnote tabs.

Appendix 1, Revenue Classification

Revenue classifications

Revenue amounts must be analyzed to determine the proper reporting on the Combining FST in accordance with GASBS No. 34 and GASBS No. 35. See also GASBS No. 37 and the Comprehensive Implementation Guides for additional guidance. Below is a brief description of the revenue line items:

- **Program Revenues – Charges for Services:** This represents exchange or exchange-like transactions. These revenues arise from charges to customers, applicants or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Examples of this category are as follows: fees charged for specific services, licenses, permits, and other amounts charged to service recipients. In addition, fines and forfeitures are also included because they result from direct charges to those who are otherwise directly affected by the program or service even though they receive no benefit. (see GASBS No. 34, GASBS No. 37, paragraph 13 which amends GASBS No. 34, paragraph 49)
 - **Program Revenues – Operating Grants and Contributions** (program-specific operating grants & contributions): This represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Also, if a program specific grant & contribution can be used for operating and capital purposes, they should be reported as Program Revenue-Operating Grants and Contribution. (see GASBS No. 34, paragraph 50)
 - **Program Revenues – Capital Grants and Contributions:** This has the same definition as operating grants and contributions except the restriction is for capital purposes (see GASBS No. 34, paragraph 50).
 - **Grants & Contributions not Restricted to Specific Programs:** (nonspecific grants & contributions): This represents grants & contributions that do not meet the definitions of program revenues (see GASBS No. 34, paragraph 50).
-

Appendix 1, Revenue Classification, continued

General revenue-investment earnings

Investment earnings: This represents interest, dividends, unrealized gains/losses on investments, realized gains/losses, and other investment earnings on investments that **do not** meet the definition of program revenue. For example, investment earnings on permanent or term endowments should be reported as program revenue if restricted to a program or programs specifically identified in the endowment agreement or contract. Investment earnings not meeting the definition of program revenues should be reported as General Revenues - Investment Earnings (see GASBS No. 34, paragraphs 51 & 52). **Based on this definition, investment earnings may be reported on more than one financial statement template line item.**

General revenue - miscellaneous revenue

Miscellaneous revenue: Represents revenue amounts that do not fall under any other financial statement template line item definition.

Contributions to permanent & term endowments

Contributions to Permanent Endowments: Represents funds with respect to which donors or other outside agencies have stipulated that the principal be maintained in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principal. (Note: A foundation's permanently restricted contributions should be reported on this line item.)

Contributions to Term Endowments: Similar to permanent endowments except that upon passage of a stated period of time or the happening of a particular event, all or a part of the principal may be expended.

Comptroller's Directive No. 2-07
Attachment HE-1
Contact Survey

Purpose	This attachment will provide DOA with the institution contact information.
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Applicable institutions	All institutions must complete this attachment.
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Due date	August 2, 2007
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Submission requirements	Contact DOA if the institution has any problems with the files.
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After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-1. For example, VCCS should rename the Attachment HE-1.xls file as VCCS Attachment HE-1.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

Changes from the prior year	Last year some institutions provided the fiscal officer as the financial contact or the fiscal contact. The following changes have been made to this attachment:
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- Financial officer has been changed to fiscal officer.
 - Fiscal contact has been changed to directive contact.
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Comptroller's Directive No. 2-07
Attachment HE-2
Beginning Net Asset Reconciliation

Purpose	<p>This attachment will provide explanations for any restatement of the beginning net asset amount. This reconciles the prior year ending net asset amount reported on the FY 2006 Attachment HE-10, Financial Statement Template, and the beginning net asset amount that will be reported on the FY 2007 Attachment HE-10, Financial Statement Template. This attachment has TAB 1 to record the amount for the higher education institution (HEI) and TAB 2 to record the amount for the combined total of the foundations.</p>
Applicable institutions	<p>All institutions must complete this attachment.</p>
Due date	<p>August 2, 2007</p>
Certification (new tab)	<p>The Certification tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.</p>
Other changes from the prior year	<p>The TAB 1 & TAB 2 have been revised to require a description for all restatements. In addition, these are the categories listed on the tabs:</p> <ul style="list-style-type: none">• Change in Estimate• Change in Reporting• Other <p>The HEI's Change in Reporting category includes a description to account for the restatement as a result of the reporting guideline changes for the Department of Treasury's reimbursement programs*. A correction of a prior year's error would be recorded in the "Other" category.</p> <p>Note*: See instructions to Attachment HE-8, Treasury's Reimbursement Programs, for additional information.</p>

Comptroller's Directive No. 2-07
Attachment HE-2
Beginning Net Asset Reconciliation

SAS 112

Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, is effective for FY 2007. The Auditor of Public Accounts will be required to evaluate and communicate errors identified during the financial statement preparation process in a different manner. It is possible that significant errors resulting in financial statement adjustments, including prior year ending net asset restatements, could result in either material internal control weaknesses or even a qualified opinion on the Commonwealth's Comprehensive Annual Financial Report (CAFR). Internal controls should be in place to prevent material restatements because of prior year errors.

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-2. For example, VCCS should rename the Attachment HE-2.xls file as VCCS Attachment HE-2.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL) in the attachment Excel file.**

Enter the revision date, tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Each time a revision is submitted the **Certification** tab should be updated with new signatures and dates.

Comptroller's Directive No. 2-07
Attachment HE-3
On-Behalf Payments

Purpose

DOA must include disclosures for on-behalf payments in the CAFR footnotes. GASBS No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, defines on-behalf payments as: Direct payment for fringe benefits and salaries made by one entity (the paying entity) to a third-party recipient for the employees of another, legally separate entity (the employer). On-behalf payments include:

- pension plan contributions,
 - employee health and life insurance premiums, and
 - salary supplements or stipends.
-

Applicable institutions

All institutions **must** complete this attachment.

Due date

August 16, 2007

Certification (new tab)

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.

Other changes from the prior year

The financial statement template revenue line items reported on TAB 1-Att should only be program revenue line items. For FY 2006, these amounts were primarily reported on the program revenue-operating grants & contributions line item. The drop-down list include only program revenue line items.

Comptroller's Directive No. 2-07
Attachment HE-3
On-Behalf Payments

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-3. For example, VCCS should rename the Attachment HE-3.xls file as VCCS Attachment HE-3.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL) in the attachment Excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Each time a revision is submitted the **Certification** tab should be updated with new signatures and dates.

Comptroller's Directive No. 2-07
Attachment HE-3
On-Behalf Payments

**Revenue and
expenditures**

The employer should recognize revenue and expenditures for on-behalf payments for:

- fringe benefits and salaries equal to the payments received, and
- fringe benefits and salaries that are receivable at year-end for the current fiscal year.

Governmental colleges and universities are required to report the effect of on-behalf contributions to retirement systems as part of the college or university operations. Amounts directly paid into state or local retirement systems by the appropriating government on-behalf of the college should be recorded as revenue of the institution.

Footnotes

The employer should disclose in the financial statement notes the amounts recognized for on-behalf payments for fringe benefits and salaries.

For on-behalf payments that are contributions to a pension plan for which the employer government is not legally responsible, the employer government should disclose:

- the name of the plan, and
 - the name of the entity making the contribution.
-

**Significant
intrafund
activity**

Significant Intrafund Activity Amounts: Some on-behalf payments are from foundations/entities considered discrete component units of the higher education institution under GASBS No. 39. If these amounts are significant, they must be eliminated on the Elimination Entries to FST tab in the Attachment HE-10, Financial Statement Template, to avoid double counting activity. The last column on this attachment asks whether any amounts on this attachment will be eliminated.

Note: Significance must be determined by each higher education institution using professional judgment.

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Comptroller's Directive No. 2-07
Attachment HE-4
Optional Retirement Plans

Purpose

DOA must include disclosures for optional retirement plans of higher education institutions in the CAFR footnotes. The disclosures are required by GASBS No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

Note: This attachment should **exclude** amounts for foundations/entities considered discrete component units of the HEI.

GASBS No. 27
requirements

The information required for **each defined contribution** plan is as follows:

- required contributions percent,
- actual dollars contributed,
- a description of each plan's provisions, i.e., retirement, death benefits, disability benefits, and
- the authority given to allow participation in the plan, i.e., Appropriation Act language, *Code of Virginia* section, etc.

If the institution participates in a **defined benefit plan other than VRS**, provide the disclosures and required supplementary information required by GASBS No. 27, paragraphs 20 through 22.

Applicable
institutions

All institutions **must** complete this attachment.

Due date

August 16, 2007

Certification
(new tab)

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.

Comptroller's Directive No. 2-07
Attachment HE-4
Optional Retirement Plans

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-4. For example, VCCS should rename the Attachment HE-4.xls file as VCCS Attachment HE-4.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL) in the attachment Excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Each time a revision is submitted the **Certification** tab should be updated with new signatures and dates.

Comptroller's Directive No. 2-07
Attachment HE-5
GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

Purpose

This attachment includes a checklist used to evaluate, based on GASBS No. 14 modified to reflect GASBS No. 39 criteria, each organization, foundation, or commission within an institution for possible inclusion as a component unit in the CAFR. If an organization, foundation, or commission is determined to be a component unit, this attachment will also evaluate the method of disclosure.

Applicable institutions

All institutions must complete the following:

- **Part 1, Summary,**
- **Part 2a, Listing of Foundations/Entities to be included on the Attachment HE-10, Financial Statement Template,**
- **Part 2b, Listing of Foundations/Entities to be excluded from the Attachment HE-10, Financial Statement Template, and**
- **Part 4, Certification.**

Institutions must complete **Part 3, Checklist**, if **either** of the following conditions are met:

- The potential component unit has **not** previously been evaluated in the “GASBS No. 14 Checklist modified to reflect GASBS No. 39.”
 - The potential component unit **has** been previously evaluated; however, a change has occurred that might affect its classification.
-

Due date

August 16, 2007

**Certification
(new Part 4)**

The **Part 4 - Certification** is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any part. By typing a name, the individual is certifying that all parts of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any part.

Comptroller's Directive No. 2-07
Attachment HE-5
GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the word file, rename the file using the institution's acronym followed by Attachment HE-5. For example, VCCS should rename the Attachment HE-5.doc file as VCCS Attachment HE-5.doc.

DOA's e-mail address has changed from the prior year. Submit the attachment electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do **not** submit paper copies of the attachment.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Purpose

This attachment is used to provide DOA with the Federal Schedules needed to prepare the statewide **Schedule of Expenditures of Federal Awards (SEFA)** for the Single Audit Report.

The Single Audit Report is required for compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133.

This attachment is similar to prior year Attachment HE-6.

**Applicable
agencies and
requirements**

All institutions must submit the Questionnaire file to DOA to certify **whether or not** the institution received or disbursed Federal funds in FY 2007. Each institution receiving or disbursing federal funds must report its DUNS number as well as its EIN number on the Questionnaire file. DUNS number information is available at www.smallbusiness.dnb.com. Contact Rob Meinhard at (804) 371-7807 or by e-mail at rob.meinhard@doa.virginia.gov if you have questions.

If the institution received or disbursed Federal funds in FY 2007, the institution is **REQUIRED TO USE** the files listed below.

- Federal Schedules – used to prepare the applicable federal schedules
 - Reconciliation – used to reconcile the Schedule of Expenditures of Federal Awards to the institution's accounting system.
-

Due date

August 30, 2007

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Certification

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab. When completing the certification tab within the Questionnaire attachment you are also certifying for federal schedules, and reconciliation attachments.

Submission requirements

Contact DOA if the institution has any problems with the files.

After downloading the files, rename the files using the institution number followed by the identifying file name. For example, institution 207 should rename the questionnaire file, federal schedule file, and reconciliation file as follows:

Note: **DO NOT** rename the tab names in the excel files. Save the attachments with the following document names prior to submission:

207AttHE-6.xls (Questionnaire)
207federal schedules.xls (Federal Schedules)
207recon-he.xls (Reconciliation File)

DOA will not accept any Federal schedules that are not in the formats required by this Directive. Institutions that fail to use the required formats will be asked to resubmit the schedules to DOA and may be cited for noncompliance in the Report on Statewide Financial Management and Compliance (Quarterly Report). Noncompliance with the Directive could adversely affect an institution's ability to meet management standards.

Submit the files electronically to finrept-HE@doa.virginia.gov

Copy the APA via e-mail to: APAFinRept@apa.virginia.gov.

Do **not** submit paper copies of the attachment.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log Tab](#) in the federal schedules file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Entities that believe revisions are necessary to the federal schedules after the initial submission to DOA must contact Penny Williams **BEFORE** sending the revisions to DOA. See the Questions section below for contact information.

Each time a revision is submitted the **[Certification](#)** tab should be updated with new signatures and dates.

**Resolution of
prior year
findings**

Institutions will be required to submit information regarding resolution of prior year audit comments to the Comptroller. Specific reporting requirements and due dates will be forthcoming. Direct questions to Rob Meinhard, State Accounts Receivable Coordinator, at (804) 371-7807 or e-mail at rob.meinhard@doa.virginia.gov.

Questions

If the institution has any further questions about preparing the Federal schedules, contact Penny Williams, Indirect Cost Coordinator, at (804) 225-3804 or e-mail at penny.williams@doa.virginia.gov.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Federal
schedules.xls**

The federal schedules.xls workbook includes six tabs with each tab representing a different federal schedule within the workbook. The tabs are located at the bottom of the screen. Clicking once on the desired tab will allow you to get to a specific federal schedule. An overview of the six tabs and what should be reported on each tab is discussed in the next section.

Note: Institutions are now required to report amounts related to unknown CFDA numbers on the appropriate tab(s). For amounts with unknown CFDA numbers, institutions are required to report the federal program name and other identifying number (such as the contract number) on the last column in each tab. It is expected that this column will primarily be used for subrecipient and pass through entities. Institutions must perform reasonable steps to determine the actual CFDA number before electing to report any amounts with unknown CFDA numbers.

At a minimum, institutions must contact the disbursing entity to determine the actual CFDA number before entering amounts without known CFDA numbers. Institutions should make every effort to include any contract numbers if applicable. Institutions failing to perform this minimum level of due diligence for amounts without actual CFDA numbers, may be cited for noncompliance in the *Report on Statewide Financial Management and Compliance (Quarterly Report)*.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Overview of
federal
schedules**

All expenditures made from funds received directly from the Federal Government and federal expenditures/disbursements reported on all other tabs, **EXCEPT for the expenditures reported on the RECEIVED FROM NONSTATE tab**, should be reported on the **SEFA** tab. **This distinction is made because expenditures reported on the RECEIVED FROM NONSTATE tab are classified as “Indirect” expenditures in the Statewide report and all other expenditures/disbursements are classified as “Direct” expenditures.**

Therefore, federal expenditures and/or disbursements reported on the **SEFA** tab plus the total federal expenditures and/or disbursements reported on the **RECEIVED FROM NONSTATE** tab should equal total federal expenditures for the institution. The individual tabs are discussed below:

1. **RECEIVED FROM STATE** tab – pass-through funds received from other state agencies/institutions should be reported on this tab. **ANY EXPENDITURE MADE FROM THESE FUNDS SHOULD BE INCLUDED ON THE SEFA TAB.**
2. **RECEIVED FROM NONSTATE** tab – pass-through funds received from Nonstate entities (**See definition of Nonstate entities on page 7**) and expenditures made from the funds received should be reported on this tab. **EXPENDITURE AMOUNTS REPORTED ON THE RECEIVED FROM NONSTATE TAB SHOULD NOT BE INCLUDED ON THE SEFA TAB.**
3. **DISBURSED TO STATE** tab – pass-through funds disbursed to other state agencies / institutions should be reported on this tab. **THESE DISBURSEMENTS SHOULD ALSO BE INCLUDED ON THE SEFA TAB.**

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Overview of federal schedules (continued)

4. **DISBURSED TO NONSTATE** tab – pass-through funds disbursed to nonstate entities should be reported on this tab. **THESE DISBURSEMENTS SHOULD ALSO BE INCLUDED ON THE SEFA TAB.**
 5. **SEFA** tab – all expenditures/disbursements made by the institution, **except for expenditures reported on the RECEIVED FROM NONSTATE tab**, should be included on this tab.
-

**Important
Items-General**

- Use the **cash basis** of accounting.
 - All attachment files **are designed so that you only need to fill in the yellow highlighted cells.**
 - Enter **whole dollar amounts** in all files to prevent rounding errors.
 - If N/A appears in any cell you have keyed, you have entered invalid data and you should recheck what has been keyed. Please do not submit schedules with N/A unless you have discussed it with DOA first.
-

**Important
Items-Federal
schedules**

- If the CFDA number is entered and the incorrect Federal Program Name or Federal Program Grantor Name appears on any spreadsheet, **and you have verified the CFDA number is correct by checking the www.cfda.gov website**, please contact Penny Williams at (804) 225-3804 or E-mail at penny.williams@doa.virginia.gov for assistance.
 - Unknown CFDA numbers are those numbers where the Federal grantor is known but the CFDA number is unknown. You must include the first two digits of the CFDA number. (For example, 10.000 would be used if the Federal Grantor is the U.S. Department of Agriculture, but the CFDA number is unknown.)
 - **A column titled “Program Name - Unidentified CFDA Number” is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.**
-

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Important Items-Federal schedules (continued)

- Use “@” to indicate research and development (R & D) expenditures on any spreadsheet tab applicable. CFDA numbers that have **both** R & D expenditures and expenditures other than R & D should be listed on the appropriate tab two times: once **with** the “@” to identify the R & D expenditures, and once **without** the “@” to identify the expenditures other than R & D.
- Running totals are located on each spreadsheet tab.
- Do not use “-“(dashes) to represent \$0.00. You must use the number “0”.
- Do not leave blank rows between rows of information within the spreadsheets when keying in data.
- The Federal Government is **not** a **Nonstate entity**. **Nonstate entities** are counties, cities, towns, local governments, local governmental authorities, regional governmental authorities, public or private foundations, institutes, museums, and corporations or similar organizations which are not units of State government or political subdivisions of the Commonwealth as established by general law or special act. **(DO NOT** report disbursements to or receipts from the Federal government on the **Disbursed to Nonstate Entities** and/or **Received from Nonstate Entities** tabs. Community service boards and area agencies on aging should be reported as nonstate agencies for reporting purposes. These agencies are not audited by the Auditor of Public Accounts and are not considered to be state agencies.

Do not include Federal subagencies on disbursed/received from nonstate tabs. Federal agencies are listed on the following websites:

<http://www.nih.gov/icd/>

<http://www.nasa.gov/about/sites/index.html>

<http://www.energy.gov/organization/labs-techcenters.htm>

- Pass-through disbursements to State or nonstate entities should be reported as expenditures on the appropriate tab(s). **Do not eliminate any pass-through disbursements.** DOA eliminates pass-through transactions at a statewide level.
- Include indirect cost recoveries as expenditures on the **SEFA** tab.
- Refunds of Federal revenue should **not** be reported on any of the Federal Schedules.
- **Combine grant expenditures and program income expenditures to report the total expenditures for each Catalog of Federal Domestic Assistance (CFDA) number.**

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Important Items-Federal schedules (continued)

- Add the value of nonmonetary disbursements to the monetary expenditures to determine the total expenditures for CFDA numbers that have both monetary and nonmonetary disbursements. **If the institution has nonmonetary disbursements, contact the individual listed in the Questions section on page 3.**
 - Use the hard copy or on-line (www.cfda.gov) version of the Catalog to verify the CFDA numbers and program names.
 - **Do not use CFDA number 00.000.** Contact the entity that provided the funds to determine the correct and complete CFDA number. At a minimum, each entity is required to identify the Federal grantor agency with the first two digits of the CFDA number (i.e., 10.000, 93.000).
 - Do not report the expenditure detail for different grants within one CFDA number on the schedules. Instead, sum the expenditures and report the total expenditures for each CFDA number.
 - OMB Circular A-133 defines research and development “as all research activities, both basic and applied, and all development activities that are performed by a non-profit organization.”
 - Research is a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development.
 - Development is the systematic use of knowledge gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.
-

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Important
Items-Pass-
through
schedules**

Do not include payments to vendors under contract for the purchase of goods and services on the pass-through schedules.

The medium through which payment is rendered (IAT, check, etc.) does not determine whether the relationship is vendor or subrecipient.

A **subrecipient** is “A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.”

A **vendor** is “a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods or services may be for an organization’s own use or for the use of beneficiaries of the Federal program.”

Consider the following characteristics to identify a subrecipient or vendor relationship.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Important Items-Pass-through schedules (continued)

SUBRECIPIENT

- Determines who is eligible to receive Federal financial assistance.
- Has its performance measured by meeting the objectives of the Federal program.
- Has responsibility for programmatic decision making.
- Has responsibility for adherence to applicable Federal program compliance requirements.
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

VENDOR

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to compliance requirements of the Federal program.

DOA strongly encourages communication between entities exchanging Federal pass-through funds. Such communication ensures consistent reporting and reduces the time required for statewide compilation and audit. Contact Penny Williams at DOA if the institution needs assistance with identifying the Federal contacts at other agencies/institutions.

DOA will perform a variance analysis for pass-through funds received and pass-through funds disbursed among State agencies / institutions. DOA will investigate significant variances, and **State agencies / institutions will be required to explain these variances IN WRITING by a due date to be determined in future communications.**

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Important
Items-
Reporting loan
programs**

Report loan programs using criteria in the following table.

If the loan program is...	Then Federal Expenditures should be...
Campus based loan program (Perkins - #84.038, Health Professions Loans - #93.342, Nursing Student Loans - #93.364)	Loans receivable balances at year- end plus any administrative costs recovered.
Non-campus based loan program (Federal Family Education Loans - #84.032, Federal Direct Student Loans - #84.268, and #93.108 – Health Education Assistance Loans)	Value of loans disbursed during the fiscal year. Be sure to include subsidized and non-subsidized loan balances. Include PLUS loan balances if the university is the eligible lender (instead of the bank).
College Facilities Loan (#84.142)	Outstanding balances of loans payable at year-end.
Capitalization Grants for State Revolving Funds (#66.458) and Capitalization Grants for Drinking Water State Revolving Fund (#66.468)	Distributions to the Virginia Resources Authority for subsequent disbursements to subrecipients and administrative costs recovered.
Economic Adjustment Assistance Program (#11.307)	Cash on hand and outstanding balance of loans receivable from subrecipients at year-end.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Preparing the
federal
schedules.xls;
RECEIVED
FROM STATE
tab**

The **Received from State** tab identifies Federal assistance disbursed from other State agencies / institutions and received by the institution in a subrecipient relationship. The Federal assistance is listed by CFDA number and by State grantor agency / institution. **Report amounts related to unknown CFDA numbers that were received from state agencies/institutions on this tab and expenditures made from these funds on the SEFA tab.**

Instructions for preparing the **Received from State** tab are in the following table.

Step	Action
1	Click on the RECEIVED FROM STATE tab. Enter your institution number in cell B2 (the first yellow highlighted cell). After you type in the institution number, hit enter and your institution name should appear in cell B1, the cell directly above "agency number". The institution number and title are linked to the remaining tabs. Make sure your institution number appears on all other spreadsheets. ONLY include federal money received from a Virginia state agency/institution.
2	In Column B, enter the State agency / institution number for the agency / institution that disbursed Federal pass-through funds to your institution beginning on line 8. Fill in one line for each grantor agency/institution and CFDA. When you hit enter, your institution number should appear in Column A, and the grantor state agency / institution name should appear in Column C. Please ensure that the correct agency / institution names appear to ensure you have keyed the correct agency/institution number.
3	Key the CFDA numbers in numerical order in Column D. As each CFDA number is keyed, hit enter. The federal program name will appear in Column E. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only once on the schedule unless the CFDA number has both research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column G to indicate R & D expenditures.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Preparing the federal schedules.xls; RECEIVED FROM STATE tab (continued)

Step	Action
4	In Column F, enter the total amount of pass-through funds received from other State agencies/institutions. Use the cash basis or the value of nonmonetary assistance to report these receipts. Expenditures made from these funds should also be included on the SEFA tab.
5	A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.

**Preparing the
federal
schedules.xls;
RECEIVED
FROM
NONSTATE
tab**

The **Received from Nonstate** tab identifies Federal assistance disbursed from nonstate entities and received by the institution in a subrecipient relationship. **Also, this tab identifies the Federal expenditures made from the pass-through funds received from the nonstate entities.** (See page 7 for the definition of nonstate entities.) The Federal receipts and disbursements should be listed by CFDA number **and** by nonstate entity name. **Report amounts related to unknown CFDA numbers that were received from nonstate entities and the related expenditures made from the pass-through funds received on this tab. DO NOT report expenditures made from the pass-through funds received from nonstate entities on the SEFA tab.**

DO NOT ABBREVIATE THE NONSTATE ENTITY NAMES. DOA WILL NOT ACCEPT SUBMISSIONS THAT CONTAIN ABBREVIATIONS.

Instructions for preparing the **Received from Nonstate** tab are in the following table.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Preparing the federal schedules.xls; RECEIVED FROM NONSTATE tab (continued)

Step	Action
1	Click on the RECEIVED FROM NONSTATE tab. Do not enter the institution number and name. This information is linked to the RECEIVED FROM STATE tab. ONLY include federal money received by your institution from a nonstate entity on this tab. The Federal Government is not a nonstate entity.
2	Fill in the nonstate entity grantor name (DO NOT USE ABBREVIATIONS) in Column B beginning on line 8. As each entity is keyed, hit enter. Your institution number will appear in Column A. Fill in one line for each nonstate entity grantor and CFDA.
3	Key the CFDA numbers in numerical order in Column C. As each CFDA number is keyed, hit enter. The federal program name will appear in Column D. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only once on the schedule unless the CFDA number has both research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column G to indicate R & D expenditures.
4	In Column E, enter the total dollar amount of Federal pass-through funds received from nonstate entities for each CFDA number. Use the cash basis or the value of nonmonetary assistance to report the receipts.
5	In Column F, enter the total dollar amount of Federal expenditures made from the pass-through funds received from nonstate entities. Enter a zero if no funds were expended, and report negative amounts if applicable. Expenditures / disbursements made from these funds should NOT be reported on the SEFA tab.
6	A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Preparing the
federal
schedules.xls;
DISBURSED
TO STATE tab**

The **Disbursed to State** tab identifies Federal assistance disbursed from the institution to subrecipient State agencies / institutions. The Federal disbursements are listed by CFDA number and by State receiving agency / institution. **Report amounts related to unknown CFDA numbers that were disbursed to state agencies/institutions on this tab. These amounts should also be included on the SEFA tab.**

Instructions for preparing the **Disbursed to State** tab are in the following table.

Step	Action
1	Click on the DISBURSED TO STATE tab. Do not enter the institution number and name. This information is linked to the RECEIVED FROM STATE tab. ONLY include federal money disbursed from your institution to a Virginia state agency/institution on this tab.
2	In Column B, enter the State agency / institution number for the agency / institution to which the institution disbursed Federal pass-through funds beginning on line 8. Fill in one line for each subrecipient agency/institution and CFDA. When you hit enter, your institution number should appear in Column A, and the subrecipient state agency / institution name should appear in Column C. Please ensure that the correct agency / institution names appear to ensure you have keyed the correct agency / institution number.
3	Key the CFDA numbers in numerical order in Column D. As each CFDA number is keyed, hit enter. The federal program name will appear in Column F. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only once on the schedule unless the CFDA number has both research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column E to indicate R & D expenditures.
4	In Column G, enter the total amount of pass-through funds disbursed to other State agencies / institutions. Use the cash basis or the value of nonmonetary assistance to report the disbursements. These disbursements should also be included on the SEFA tab.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Preparing the federal schedules.xls; DISBURSED TO STATE tab (continued)

Step	Action
5	A column titled “Program Name - Unidentified CFDA Number” is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.

**Preparing the
federal
schedules.xls;
DISBURSED
TO
NONSTATE
tab**

The **Disbursed to Nonstate tab** identifies Federal assistance disbursed from the institution to subrecipient nonstate entities. (See page 7 for the definition of nonstate entities.) The Federal disbursements should be listed by CFDA number only. Do not report the names of the nonstate entities. **Report amounts related to unknown CFDA numbers that were disbursed to nonstate entities on this tab. These amounts should also be included on the SEFA tab.**

Instructions for preparing the **Disbursed to Nonstate Entities** tab are in the following table.

Step	Action
1	Click on the DISBURSED TO NONSTATE tab. Do not enter the institution number and name. This information is linked to the RECEIVED FROM STATE tab. ONLY include federal money disbursed from your institution to a nonstate entity on this tab.
2	Key the CFDA numbers in numerical order in Column B beginning on line 8. Fill in one line for each CFDA number. As each CFDA number is keyed, hit enter. Your institution number will appear in Column A, and the federal program name will appear in Column C. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only once on the schedule unless the CFDA number has both research and development (R & D) expenditures and expenditures other than R & D. Key “@” in Column E to indicate R & D expenditures.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Preparing the federal schedules.xls; DISBURSED TO NONSTATE tab (continued)

Step	Action
3	In Column D, enter the total amount of Federal pass-through funds disbursed to nonstate entities for each CFDA number. Use the cash basis or the value of nonmonetary assistance to report the disbursements. These disbursements should also be included on the SEFA tab.
4	A column titled “Program Name - Unidentified CFDA Number” is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.

Preparing the federal schedules.xls; SEFA tab

The **SEFA** tab should include all federal expenditures/disbursements, except for the expenditures/disbursements reported on the **RECEIVED FROM NONSTATE tab**. **Report all expenditure/disbursement amounts related to unknown CFDA numbers on this tab except those expenditures/disbursements reported on the RECEIVED FROM NONSTATE tab.**

Instructions for preparing the **SEFA** tab are in the table below.

Step	Action
1	Click on the SEFA tab. Do not enter the institution number and name. This information is linked to the RECEIVED FROM STATE tab.
2	In Column C, type in the appropriate CFDA number beginning on line 8. Hit Enter. Your institution number should automatically appear in Column A. The appropriate Federal grantor agency should automatically appear in Column B, and the Federal program name should automatically appear in Column E. Report each CFDA number only once on the schedule unless the CFDA number has both research and development (R & D) expenditures and expenditures other than R & D. Key “@” in Column D to indicate R & D expenditures.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Preparing the federal schedules.xls; SEFA tab (continued)

Step	Action
3	Report all Federal disbursements in Column F, except expenditures/disbursements reported on the RECEIVED FROM NONSTATE tab.
4	A column titled “Program Name - Unidentified CFDA Number” has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.
5	Ensure the Federal program name is consistent throughout all applicable worksheets. If the name is unknown, use Other Assistance as the program name only after you have verified there is no federal contract or program name applicable.

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

**Reconciliation
of the Schedule
of Expenditures
of Federal
Awards**

The **Reconciliation of the Schedule of Expenditures of Federal Awards** reconciles the expenditures reported on the **SEFA** tab plus the expenditures reported on the **Received from Nonstate** tab to the amount of Federal expenditures recorded on the institution's accounting system.

Incomplete or improper **Reconciliations of the Schedule of Expenditures of Federal Awards** will be returned to the institution. **The institution will be asked to resubmit the reconciliation and may be cited for noncompliance in the Report on Statewide Financial Management and Compliance (Quarterly Report).** **Noncompliance with the Directive could adversely affect an institution's ability to meet management standards.**

**Preparing the
recon-he.xls
Reconciliation
for accounting
system**

Instructions for preparing the **Reconciliation of the Schedule of Expenditures of Federal Awards** to the institution's accounting system are in the following table.

Step	Action
1	Open the recon-he.xls file.
2	Enter the institution number, contact information, and date completed in the applicable cells highlighted in yellow.
3	The institution name will automatically be entered in cell C2 once the institution number has been entered in cell C1.
4	In cell E11, enter the total Federal Expenditures amount as reported on the SEFA tab.
5	In cell E12, enter the total Federal Expenditures amount as reported on the Received from Nonstate tab.
6	In cell E16, enter the total Federal expenditures recorded in the institution's accounting system.
7	The difference between the expenditures as reported on the SEFA tab plus the expenditures reported on the Received from Nonstate tab and the expenditures in the institution's accounting system will be calculated in cell E19. This difference should be completely reconciled before submission to DOA.
8	Begin reconciling items on line 22.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-6
Federal Schedules

Preparing the recon-he.xls Reconciliation for accounting system (continued)

Step	Action								
9	<p>Enter a brief description for each reconciling item in Column A. Enter the dollar amount in Column E. See the following examples:</p> <table><tr><td>Cash Basis AJE</td><td></td></tr><tr><td> For Perkins loan program</td><td>\$XXX</td></tr><tr><td>Nonmonetary disbursements</td><td>\$XXX</td></tr><tr><td>Indirect Costs</td><td>\$XXX</td></tr></table> <p>(The institution may or may not have the reconciling items listed above.)</p>	Cash Basis AJE		For Perkins loan program	\$XXX	Nonmonetary disbursements	\$XXX	Indirect Costs	\$XXX
Cash Basis AJE									
For Perkins loan program	\$XXX								
Nonmonetary disbursements	\$XXX								
Indirect Costs	\$XXX								
10	<p>The sum of the reconciling items must equal the difference between the expenditures on the SEFA tab plus the expenditures on the Received from Nonstate tab and the expenditures in the institution's accounting system (cell E19).</p> <p><u>If these amounts do not equal, further investigation is required because DOA will not accept incomplete or improper reconciliations.</u></p>								
11	<p>Do not send the supporting documents for the reconciliations to DOA. Only submit the reconciliations to DOA. A copy of the reconciliation and all supporting documents should remain at the institution for potential APA review.</p>								

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

Purpose	<p>This attachment is to provide general fund appropriation revenue from the Commonwealth including certain transfer activity. This attachment is also to provide year-end general fund unexpended appropriations that will be reappropriated (appropriations available). DOA will reconcile the amounts reported on this attachment to the amounts reported on the Commonwealth's Accounting and Reporting System (CARS).</p>
Applicable institutions	<p>All institutions must complete this attachment.</p>
Due date	<p>September 7, 2007</p>
Certification (new tab)	<p>The Certification tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.</p>
Changes from the prior year	<p>This attachment no longer requires information for the following Department of Treasury's reimbursement programs:</p> <ul style="list-style-type: none">• General Obligation Bonds (CARS fund 0811)• VCBA 21st Century (CARS fund 0817)• Virginia Public Building Authority (CARS fund 0820/0821) <p>Information for the above programs must be provided on the revised Attachment HE-8, Treasury's Reimbursement Programs.</p> <p>This attachment no longer requires the net asset classifications (i.e. restricted/expendable/capital projects, unrestricted, etc.)</p> <p>The TAB 2 category of GLAs 984/985 has been revised to include GLAs 986/987.</p>

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-7. For example, VCCS should rename the Attachment HE-7.xls file as VCCS Attachment HE-7.xls. This file includes the following two attachment tabs: **TAB 1** and **TAB 2**. Complete both tabs along with the new Certification tab.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL) in the attachment Excel file.**

Enter the revision date, applicable tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Each time a revision is submitted the **Certification** tab should be updated with new signatures and dates.

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

**Appropriation
available &
appropriation
revenue line
items**

General fund appropriations available on the Statement of Net Assets may be reported on the following line items ONLY. Each institution may not need to use both of these line items.

Appropriations Available:

- Appropriations Available - Capital Projects
- Appropriations Available – Other

General fund appropriation revenue and other appropriation revenue (transfer GLAs) may be reported on the following Statement of Activities line items ONLY. Each institution may not need to use all of these line items.

State Appropriation Revenue – Operating:

- E&G Transfers (GLAs 969/970)
- General Fund Transfers (GLAs 996/997)
- Nongeneral Fund Transfers (GLAs 982/983)
- General / Nongeneral Fund Transfers (GLAs 984/985 & 986/987)
- Other

State Appropriation Revenue – Capital Projects

This attachment refers to the Statement of Net Assets and Statement of Activities which are in the financial statement template. It also only refers to amounts that will be reported in the “HEI Total Year-End June 30, 2007” column.

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

**TAB 1 –
reporting
capital projects
appropriation
available/
appropriation
revenue**

General Fund (fund 0100) cash and appropriation revenue for the capital outlay program 998 must be reported on TAB 1. The cash as of year-end is considered part of the General Fund of the Commonwealth. The higher education institutions must record this cash as Appropriation Available-Capital Projects because DOA will record the cash in the General Fund of the Commonwealth. The General Fund will also report an amount equal to this as a Due to Component Units. For CAFR reporting, DOA will report the HEIs' Appropriations Available-Capital Projects as a Due from Primary Government.

Appropriation Available

1. Report beginning appropriation available (should equal prior year ending balance) on the first line in the capital projects appropriation available section. Review Part 2 and complete if necessary.
2. Report capital projects appropriation revenue net of any reversions on the second line. (This increases appropriation available)
3. Report current year net expenditures on the third line. (This decreases appropriation available)
4. The ending balance for appropriation available should equal the unexpended appropriation amount for Fund 0100, program 998. It should also approximate the cash balance (GLA 101) in fund 0100, program 998.
5. The total amount reported for Capital Projects appropriation available on this attachment must equal the amount that will be reported on the Appropriation Available-Capital Projects line item on the Statement of Net Assets.

Appropriation Revenue

1. Report current year appropriation revenue on the first line in the capital projects appropriation revenue section.
 2. Report any current year capital project reversions on the second line.
 3. The net amount reported (revenue less reversions) must equal the amount that will be reported on the capital projects appropriation revenue line item on the Statement of Activities.
-

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

TAB 1
reporting other
appropriation
available /
appropriation
revenue

General fund (fund 0100) appropriation available and appropriation revenue for operating programs 108 and 110 must be reported on TAB 1. Fund 0100, program 108 and 110 amounts represent appropriations for Scholarships and Fellowships and Financial Assistance for Educational and General Services, respectively. Report any other general fund activity that does not fit on any other categories in TAB 1 or the TAB 2 (transfers) in this section and include a description. The appropriation available-other amount should include all remaining General Fund (fund 0100) cash (GLA 101), except cash that is already reported as capital outlay appropriations (program 998) or cash that will **not** be reappropriated.

Appropriation Available

1. Report remaining cash for Programs 108 and 110 on separate lines in the Other Appropriation Available section. (Do not report an amount if funds are being reverted and will not be included on the Statement of Net Assets.)
2. Report amounts for other balances that fit in the "Other" section on separate lines and give a description of what they represent.
3. The total amount reported for Other appropriation available on the attachment must equal the amount that will be reported on the Other appropriation available line item on the Statement of Net Assets.

Appropriation Revenue

1. Report current year appropriation revenue for Programs 108 and 110 on separate lines in the Other appropriation revenue section.
2. If applicable, report reversions and/or reappropriations on separate lines for Programs 108 and 110.
3. Report amounts for other balances that fit in the "Other" section on separate lines and give a description of what they represent.
4. The total amount reported for Other appropriation revenue on the attachment must equal the amount that will be reported on the Other appropriation revenue line item on the Statement of Activities.

Do not report appropriation available for:

1. Fund 0100 Cash (GLA 101) that is being reverted and will not be reported on the Statement of Net Assets;
 2. Cash or travel advances (Report as cash and travel advances with an offsetting liability reported on the Advance from the Treasurer of Virginia line.);
 3. Cash that is in a suspense account in Fund 0100; and
 4. Cash that is a result of Fund 0100 revenue (GLA 961).
-

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

**TAB 2 -
Reporting
transfer GLAs**

There is a separate tab (TAB 2) to report transfer GLAs on the attachment. Report appropriation revenue for each pair of GLAs in the corresponding section. (For example, report GLAs 969/970 in the GLA 969/970 section and report GLAs 996/997 in the GLA 996/997 section). Report an amount for each GLA on a separate line. (For example, report the amount for GLA 969 on one line and the amount for GLA 970 on another line in the GLA 969/970 section.) Below is a description of the different sets of transfer GLAs to report on TAB 2:

- **E&G Transfers (GLAs 969/970-fund 0300):** Education & General (E&G) appropriation revenue and the corresponding cash are transferred from the general fund (fund 0100) to fund 0300, program 100.
- **General Fund Transfers (GLAs 996/997-fund 0300):** This represents primarily E&G appropriation reversion as of year-end from fund 0300 back to the general fund (0100). Most institutions report this as a reduction to appropriation revenue. The reversion should be reported as a negative amount.
- **Nongeneral Fund Transfers (GLAs 982/983):** These represent transfers between nongeneral funds of the Commonwealth (i.e., funds 02xx, 03xx, 04xx, etc.). Many of these transactions are intrafund transfers within an institution and net to zero. However, in some cases the net amount of these transfers represent transfers from the institution's fund 0300 to agency 155, Treasury Board, fund 0300 to pay a share of VCBA's debt service costs to finance equipment as required by the Appropriation Act. The intrafund transfers that net to zero do not need to be recorded on TAB 2; however, the net amount of transfers should be reported on TAB 2.
- **General/Nongeneral Fund Transfers (GLAs 984/985 & 986/987):** These generally represent transfers between the general fund and other funds of the Commonwealth. This category has been expanded to include GLAs 986/987 which represent primarily transfers from nongeneral funds to agency 997, Department of Accounts-Statewide Activity, fund 0100 as required by the Appropriation Act.

Transfers out should be reported as a negative amount and transfers in should be reported as a positive amount. The total net amount reported for the above GLAs on this attachment must equal the amount that will be reported on the applicable line items on the Statement of Activities.

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

**Examples for
Attachment
HE-7**

The following tables give some **examples** of the type of information to report on this attachment.

TAB 1: Example of Appropriation Available/Appropriation Revenue – Capital Projects:

Appropriation Available calculation	Amount	Appropriation Revenue calculation	Amount
Beginning Balance	75,000		
Add: Net Appropriation Revenue	225,000	Current Year Appropriation Revenue	250,000
Less: Current year net expenditures	(80,000)	Less: Current Year Reversion	(25,000)
Total Appropriations Available - Capital Projects per Statement of Net Assets	220,000	Total State Appropriation Revenue - Capital Projects per Statement of Activities	225,000

TAB 1: Example of Appropriation Available/Appropriation Revenue – Other:

Appropriation Available calculation	Amount	Appropriation Revenue calculation	Amount
Fund 0100, Program 108 Remaining Cash (see Note A)	0	Fund 0100, Program 108 Appropriation Revenue	2,000,000
Fund 0100, Program 110 Remaining Cash (see Note A)	0	Fund 0100, Program 110 Appropriation Revenue	400,000
		Program 108 Reversion (see Note A)	-50,000
		Program 110 Reversion (see Note A)	-10,000
Total Appropriation Available – Other per the Statement of Net Assets.	0	Total State Appropriation Revenue – Other per Statement of Activities	2,340,000

Note A: Usually general fund unexpended appropriations for operating programs (1xx) revert as of year-end and are not reappropriated. This example shows that CARS as of year-end would report cash (GLA 101) of \$60,000 for programs 108 and 110; however, these amounts reverted; therefore, Appropriations Available – Other is zero on the Statement of Net Assets.

TAB 2: Some examples of Appropriation Revenue (transfers) are as follows:

Appropriation Revenue Calculations	Amount
GLA 969, Fund 0300	68,500,000
GLA 970, Fund 0300	(500,000)
Total E&G Transfers (GLAs 969/970) per Statement of Activities	68,000,000
GLA 997, Fund 0300	(23,750)
Total General Fund Transfers (GLAs 996/997) per Statement of Activities	(23,750)
GLA 983, Fund 0300	(450,000)
Total Nongeneral Fund Transfers (GLAs 982/983) per Statement of Activities	(450,000)
GLA 984, fund 0305 program 113	1,500,000
GLA 987, fund 0300	(500,000)
Total Gen./Nongen. Fund Transfers (GLAs 984/985/986/987) per Statement of Activities	1,000,000

Comptroller's Directive No. 2-07
Attachment HE-7
Appropriation Available and Appropriation Revenue

**Examples for
template line
items**

The following shows how the amounts reported on the Attachment HE-7 would be reported on the financial statement template line items.

Financial Statement Template - Statement of Net Assets	Amount
Appropriations Available – Capital Projects	220,000
Appropriations Available - Other	0

Financial Statement Template – Statement of Activities	Amount	
State Appropriation Revenue – operating:		
E&G Transfers (GLAs 969/970)	68,000,000	Note A
General Fund Transfers (GLAs 996/997)	(23,750)	Note A
Nongeneral Fund Transfers (GLAs 982/983)	(450,000)	Note A
General/Nongeneral Fund Transfers (GLAs 984/985 & 986/987)	1,000,000	Note A
Other	2,340,000	Note A
State Appropriation Revenue – capital projects	225,000	
Note A: The net total of these amounts is \$70,866,250 and would be reported in the CAFR as Operating Appropriations from Primary Government.		

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

Introduction

This attachment is to provide information on the following Department of Treasury (Treasury) Reimbursement Programs:

- Virginia College Building Authority (VCBA) 21st Century
- VCBA Equipment Trust Fund (ETF)
- General Obligation Bonds – 9b (GOB)
- Virginia Public Building Authority (VPBA)

Reporting guidelines for these programs have changed from the prior year. For more detail regarding the new reporting guidelines, refer to the “Higher Education Accounting Procedures” on DOA’s website at www.doa.virginia.gov. Click on the “Financial Reporting” link, and then click on “Higher Education Accounting Procedures.”

Applicable institutions

All institutions **must** complete this attachment.

Due date

September 7, 2007

Certification (new tab)

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.

Changes

This attachment is completely different from the prior year’s attachment. Below is an overview of the changes:

- **VCBA ETF:** This program was reported on the Attachment HE-8 last year; however, DOA requested the revenue for this program to be reported on two financial statement template line items as follows: Capital Gifts and Grants (ETF) and Other Gifts and Grants (ETF). For FY 2007, the new line item is: Revenue from VCBA (ETF). Also, in the prior year the receivable related to this program was reported on the Due from Primary Government line item. For FY 2007, the new line item will be Due from Component Units (VCBA ETF).
 - **VCBA 21st Century, GOB, and VPBA:** In prior years, these programs were reported on the Attachment HE-7. These are all reimbursement-based programs similar to the VCBA ETF program; therefore, the reporting guidelines and this Attachment HE-8 have been revised.
-

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-8. For example, VCCS should rename the Attachment HE-8.xls file as VCCS Attachment HE-8.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL) in the attachment Excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Each time a revision is submitted the **Certification** tab should be updated with new signatures and dates.

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

**Prior year
reporting
guidelines**

The following is an overview of the guidance provided in prior years for Treasury's reimbursement programs: For the **VCBA 21st Century** (CARS fund 0817), **GOB** (CARS fund 0811), and **VPBA** (CARS Fund 0820/0821) programs, the reporting guidelines were as follows:

- Appropriation Available: Unexpended allotments plus negative cash
- Appropriation Revenue: Allotments

For the **VCBA ETF** (CARS fund 03xx) program, the reporting guidelines were as follows:

- Due from Primary Government: Unreimbursed expenses as of year-end (negative cash & payables)
- Capital Gifts & Grants (ETF) & Other Gifts & Grants (ETF): Reimbursements from Treasury (plus accruals/less reversals)

**New reporting
guidelines**

For FY 2007, the new reporting guidelines for VCBA 21st, VCBA ETF, GOB, and VPBA are as follows:

- Due froms*: Unreimbursed expenses as of year-end (negative cash & payables)
- Revenue: Reimbursements from Treasury (plus accruals/less reversals)

This change in reporting should result in restatements for all programs except for the VCBA ETF program.

Note *: Since the amounts reported by the HEIs and Treasury as due froms/due tos at year-end should agree, additional guidance must be provided to determine the amounts to accrue. The additional guidance is as follows: *Any reimbursement requests processed by Treasury in July and August 2007 must be analyzed by HEIs to determine what amounts are for goods/services received on or prior to June 30, 2007. This should be the same amount as the year-end unreimbursed expenses (negative cash & payables). There could be some payables after the August cut-off related to these programs (i.e. retainage payable); however, there has to be a reasonable cut-off in order to ensure due froms/due tos reported on the Commonwealth's Comprehensive Annual Financial Report (CAFR) agree.*

See the next section for a summary of the prior year and current year financial statement template line items.

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

**Template line
item
comparison**

Below is a comparison of the prior year and current year financial statement template line items.

Program	Prior year's financial statement template line items - Assets	FY 2007 new financial statement template line items – Assets (see Note A)
VCBA 21 st Century	Appropriations Available-21 st Century	Due from Component Units (VCBA 21 st Century)
VCBA ETF	Due from Primary Government	Due from Component Units (VCBA ETF)
GOB	Appropriations Available-GOB	Due from Primary Government (GOB)
VPBA	Appropriations Available-VPBA	Due from Primary Government (VPBA)

Program	Prior year's financial statement template line items - Revenue	FY 2007 new financial statement template line items – Revenue (see Note A)
VCBA 21 st Century	Appropriation Revenue-21 st Century	Revenue from VCBA (21 st Century)
VCBA ETF	Capital Gifts and Grants (ETF) Other Gifts and Grants (ETF)	Revenue from VCBA (ETF)
GOB	Appropriation Revenue-GOB	Capital Contributions from Treasury (GOB)
VPBA	Appropriation Revenue-VPBA	Capital Contributions from Treasury (VPBA)

Note A: Even though Treasury administers all these programs, the different line items for FY 2007 represent the required presentation in the Commonwealth's Comprehensive Annual Financial Report (CAFR) from Treasury's perspective. Since VCBA and the higher education institutions (HEIs) are all reported as component units in the CAFR, VCBA will report a Due to Component Units in the VCBA financial statements equal to the amounts reported by the higher education institutions as a Due from Component Units. The GOB and VPBA programs are reported in the CAFR as part of the primary government's special revenue funds. The special revenue funds will report a Due to Component Units equal to the amounts reported by the higher education institutions as a Due from Primary Government. Due tos/froms reported in the CAFR must equal across all funds. All four programs are primarily used for capital asset/construction costs; however, since VCBA is a component unit, this revenue is reported on different financial statement template line items to identify revenue from another component unit.

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

Completing Attachment- Part 1

**Step 1: Cash
basis
reimbursements
from Treasury**

Record the cash basis reimbursements from Treasury for all programs. Cash basis reimbursements are reported on the Commonwealth's Accounting and Reporting System (CARS) as follows:

VCBA 21st Century : Fund 0817/GLA 972

VCBA ETF: Fund 03xx/GLAs vary (depends on how HEI requests the reimbursement to be reported on CARS)

GOB: Fund 0811/GLA 971

VPBA: Funds 0820 & 0821/GLA 972

Treasury will prepare a summary of cash basis reimbursements by HEI and reimbursement program after CARS final close. This summary will be e-mailed to fiscal officers after CARS close. The amounts reported on this attachment for Part 1-Step 1 must be reconciled to the amounts provided by Treasury. Any differences must be investigated and resolved prior to submitting the attachment to DOA.

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

Completing Attachment- Part 1, *continued*

**Step 2: Reverse
prior year's
"due from"
amounts**

Since reporting guidelines have changed, an analysis must be performed to determine the amounts that should have been reported as a "due from" last year had the new reporting guidelines been followed. This should cause a restatement for the following programs:

- VCBA 21st Century*
- General Obligation Bonds (GOB)
- Virginia Public Building Authority

The July and August 2006 Reimbursement Request spreadsheet must be completed to document the amounts that represent reimbursements for goods/services received on or prior to June 30, 2006. Information on this spreadsheet was prepared by Treasury, and there is a separate tab for each of the above programs. This spreadsheet includes the reimbursement requests processed on CARS in July and August 2006.

Note*: Treasury analyzed the July and August 2006 reimbursement requests for the VCBA 21st Century program and determined the amounts that the HEIs should have reported as a "due from" based on an analysis of negative cash and p-vouchers. HEIs have the option of using these amounts for the prior year reversal amount (**see Appendix 1 for the prior year amounts**). If the HEI does not agree with these amounts, the July and August 2006 Reimbursement Request spreadsheet for this program must be completed.

For the VCBA ETF program, HEIs may use the amounts they reported for FY 2006 as a Due from Primary Government for the reversal amount (**see Appendix 1 for these amounts**). HEIs were required to report unreimbursed expenses as of year-end as a "Due from" on the financial statement template for FY 2006. Many of these reimbursement requests were processed after August 2006. For FY 2007, HEIs may only report a "due from" for FY 2007 that represents unreimbursed expenses (goods/services received as of June 30, 2007) that are reimbursed by Treasury on or before August 31, 2007.

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

Completing Attachment- Part 1, *continued*

**Step 3: Accrue
current year's
"due from"
amounts**

Record the current year's "due from" amounts based on the new reporting guidelines as follows:

- Reimbursement requests* processed by Treasury on or before August 31, 2007 for unreimbursed expenses as of year-end (goods/services received on or prior to June 30, 2007); **and**
- Due dates on these reimbursement requests cannot be after August 31, 2007.

The change in reporting guidelines will require that reimbursement requests be submitted to Treasury by August 24th. Also, since VCBA ETF reimbursement requests are first approved by the State Council of Higher Education for Virginia (SCHEV) before being sent to Treasury for processing, they must be submitted to SCHEV by August 17th.

Note*: Treasury will require all reimbursement requests for July and August to identify the amounts that are for unreimbursed expenses as of year-end (goods/services received on or prior to year-end) versus those that are for current year activity. Treasury will summarize by reimbursement program and HEI the amount that should be reported as a "due from" based on an analysis of reimbursement requests Treasury processes in July and August 2007. This summary will be e-mailed to fiscal officers by September 4, 2007 and the HEI must reconcile Treasury's amounts to the amounts reported for Part 1-Step 3. Any differences should be investigated and resolved prior to submitting the attachment to DOA.

**Step 4:
Revenue**

The total of the following amounts should agree to the revenue that will be reported on the financial statement template (FST):

Cash basis reimbursements –FY 2007
Less: reversal of prior year's "Due from"
Add: accrual of current year's "Due from"
<hr/>
Total Revenue
<hr/>

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

Completing Attachment- Part 2

**Comparison of
prior year
amounts**

Select the institution's acronym and prior year balances reported for Treasury's reimbursement programs under the old reporting guidelines will appear. There should be differences for all programs **except** for the VCBA ETF program. The reason for the differences should be due to the change in reporting guidelines. If this is not the reason for the differences, an explanation must be provided. The total of these differences will result in a restatement on the financial statement template and should have been reported on the Attachment HE-2, Beginning Net Asset Reconciliation, (TAB 1, HEI) under the Reporting Guideline Changes for Treasury's Reimbursement Programs category.

Comptroller's Directive No. 2-07
Attachment HE-8
Treasury's Reimbursement Programs

Appendix 1 – Prior Year “Due from” Amounts – VCBA programs

**VCBA 21st
Century & ETF**

Below is a summary of Due from Component Units as of June 30, 2006 for the VCBA 21st Century and ETF programs. The HEIs may use these amounts as the reversal amounts unless they disagree with these amounts. If a HEI does not want to use the amounts below for the VCBA 21st Century, the July and August 2006 reimbursement request listing must be completed to document the amount that should be reported.

HEI's Acronym	Due from Component Units (VCBA 21st Century)	Due from Component Units (VCBA ETF)
CNU	283,617	
CWM		119,857
GMU	476,087	338,114
JMU		2,014,291
LU	415,304	185,849
UMW	40,351	
NSU	2,394,526	62,671
ODU	116,355	3,389,008
RU		283,852
RHEA		44,233
UVA		9,359,955
VCCS	4,547,023	
VCU		7,101,645
VMI	2,258,095	247,549
VPI	953,670	6,683,000
VSU	5,978	418,773
	11,491,006	30,248,797

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Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

GASBS No. 16
requirements

GASB Statement No. 16, *Accounting for Compensated Absences*, requires the accrual of compensated absences liability. Leave Liability should include the following.

- Employer's share of Social Security and Medicare taxes on all accrued compensated absences
 - Termination payments for sick leave or disability credits for those employees who are not presently vested but who will probably attain the 5 years of service required to vest
 - Other leave earned such as on-call, overtime, compensatory and sabbatical leave (if unrestricted in nature) that has not been used by or paid to the employee
 - Employer contribution payments made to defined contribution or cost-sharing multiple employer defined benefit pension plans, if associated with service
-

GASBS No. 34
definitions

GASB Statement No. 34 **did not** change how total leave is calculated under GASB Statement No. 16. GASB Statement No. 34 **did** change how the current portion (amount due within one year) is calculated. The liability for compensated absences (leave liability) that each institution accrues in the financial statements must be split into current and long-term portions as defined below.

Total Leave Liability: This is the liability for accrued annual leave, sick leave or disability credits, compensatory leave, on-call leave, overtime, applicable sabbatical leave (compensated allowances) and related taxes for all leave-eligible employees employed by the institutions on June 24, 2007.

Current Leave Liability – Due within one year: Compensated absences liabilities become due upon the occurrence of relevant events such as resignations, retirements, and usage of leave balances. These occurrences and related dollar amounts cannot be known reliably in advance so the portion of compensated absences due within one year must be estimated.

Long-term Leave Liability – Due more than one year: This is the total leave liability less the amount due within one year.

Informational

This attachment is for informational purposes only and **should not** be submitted to DOA. However, the amount calculated should be included on the financial statement template submitted to DOA. This attachment is similar to the prior year Attachment HE-9.

Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

**Impact of
Virginia
Sickness and
Disability
Program
(VSDP)**

For those employees who participate in the VSDP and converted sick leave balances to Virginia Retirement System service credit, the accrual for compensated absences will no longer include an amount for sick leave.

However, for those employees who participate in the VSDP and converted sick leave balances to disability credits, the accrual for compensated absences **will include an amount for disability credits**. The calculation of this amount should result in the same amount as would have been calculated for sick leave had these employees remained in the non-VSDP sick leave program.

**Sabbatical
leave
requirements**

Accrue sabbatical leave for an employee who receives **unrestricted** time off as compensation for past service. Accrue the liability during the period the employee earns the right to the leave if it is probable that the institution will compensate the employee for the benefits through paid time off or some other means.

Do **not** accrue sabbatical leave if the sabbatical constitutes a change in assigned duties and the salary paid during the leave is compensation for service during the period of the leave. This is only a change in the types of services the employee provides to or for the benefit of the institution and is considered **restricted** time off.

**Contributions
to pension
plans**

The accrual **should include** the required contribution to a defined contribution or cost-sharing multiple-employer defined benefit pension plan if the institution is liable for a contribution to the plan based on termination payments made to employees for vacation leave, sick leave, or other compensated absences. **Consider whether or not Optional Retirement Plan (ORP) contributions should be included in the institution's accrued leave liability.**

Since VRS is an agent multiple-employer defined benefit plan, no additional accrual is necessary for VRS contributions.

Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

**CIPPS users –
Calculating
Leave Liability**

If CIPPS is used for leave, obtain CIPPS reports (U020, U027) through 6/24/07, and perform the following steps. Also, reports U020 and U027 include program and fund/fund detail information.)

Step	Action
1	<p>Adjust the total leave liability to include missing amounts if the U027 Report does not reflect all transactions through 6/24/07.</p> <p>Adjust the total leave liability for payouts to terminated employees paid after 6/24/07 and prior to 7/1/07.</p> <p><u>Do not</u> adjust the leave liability for the following reasons.</p> <ul style="list-style-type: none">• Leave slips for absences during 6/25/07 through 6/30/07• Late leave slips for leave taken from 6/10/07 through 6/24/07
2	<p>Compute additional leave liability for sabbatical leave not accounted for on CIPPS and any non-VRS pension contributions if applicable. (Since VRS is an agent multiple-employer defined benefit plan, no additional accrual is necessary for VRS contributions.)</p>
3	<p>Compute the current leave liability using the methodology on pages 6 to 7 or other methodology approved by your auditors.</p> <p>Total leave liability calculated in steps 1 and 2 less the calculated current portion (amount due within one year) equals the long-term liability (amount due more than one year).</p>
4	<p>Retain copies of all computations for review by auditors.</p>

Note: The CIPPS reports have been modified to include the Social Security (6.2% on a maximum salary base of \$97,500) and Medicare taxes (1.45%, no salary limit) on the accrued leave. The reports also include probability factors for the accrual of unvested sick leave or disability credits.

Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

**Non-CIPPS
users**

For individuals not on CIPPS, institutions have to manually calculate accrued leave balances.

If CIPPS is not used for leave, perform the following steps.

Step	Action
1	Using the records of the institution, determine the leave balance at June 30 for each employee. Leave should include annual, compensatory, overtime, on-call, 25% of sick leave or disability credits , and applicable sabbatical leave.
2	Determine each employee's hourly rate by dividing the annual salary at June 30 by standard full time hours of 2,080.
3	Multiply the hours for each leave category by the hourly rate. (See special instructions below for sick leave or disability credits.)
4	Calculate and include employer's tax payment for Social Security and Medicare on the leave liability. Based on individual employee salaries, Social Security is 6.2% on a maximum salary base of \$97,500 and Medicare is 1.45% on all salaries.
5	Compute additional leave liability for sabbatical leave and any pension contributions if applicable.
6	Aggregate the information at the agency level.
7	Compute the current leave liability using the methodology on pages 6 to 7 or other methodology approved by your auditors. Total leave liability less the calculated current portion (Amount due within one year) equals the long-term liability (Amount due more than one year).
8	Retain copies of all computations for review by auditors.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

**Non-CIPPS
users - Sick
leave or
disability
credits**

If the institution is a non-CIPPS user for leave purposes, the institution must consider the following limits in the calculations of sick leave or disability credit accruals.

- For employees with greater than 5 years of service, the sick leave or disability credits liability is limited to 25% of leave earned or \$5,000, whichever is less.
- For employees with less than 5 years of service, compute the sick leave or disability credits liability the same as for those with greater than 5 years of service, then **reduce** the amount based on the probability that the individual will eventually attain 5 years of service.

The Department of Human Resource Management has determined and provided the official probabilities for this purpose. The official probabilities are shown below in the formulas used for calculating sick leave or disability credits liability for employees with less than 5 years of service.

Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with less than 1 year service	X 32.13%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with 1 - 2 years service	X 38.86%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with 2 - 3 years service	X 54.22%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
--	----------	--

Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with 3 - 4 years service	X 69.22%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
--	----------	--

Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with 4 - 5 years service	X 88.24%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
--	----------	--

Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

**Manually
calculate the
amount due
within one year**

The total leave liability (total amount before deducting current leave liability) has already been calculated. Institutions have to manually calculate the leave liability amount that is due within one year. The following is a suggested methodology. Institutions may use any methodology that is agreed to by their auditors.

Perform the following steps to calculate the amount due within one year.

Step	Action
1	Project the number of annual and sick leave hours that will be accrued in the next fiscal year (7/1/07 to 6/30/08) for each employee and in total. (Maximum carry forward limits should not have to be taken into account as the amount accrued in a 12 month period cannot exceed the maximum limits by years of service).
2	Determine each employee's hourly rate by dividing the annual salary at June 30, 2007 by standard full time hours of 2,080.
3	<p>Multiply the projected hours in step 1 for each leave category by the hourly rate in step 2.</p> <p>If CIPPS is used for leave, DOA has developed a report (U007) entitled "Current Leave Accrual Balance" that computes the liability amounts required in steps 1-3 by individual, fund, function, organization code, and company code. If you would like to receive this report contact:</p> <p>Sharon H. Lawrence, CPA Director, Financial Reporting Department of Accounts P.O. Box 1971 Richmond, VA 23218-1971 Phone: (804) 225-2414</p>

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-9
(Informational only)
Manual Leave Liability Calculation Guidelines

Manually calculate the amount due within one year, *continued*

Step	Action
4	Calculate a percentage for annual leave hours used and paid out compared to annual leave hours accrued. Calculate a second percentage for sick leave hours used and paid out compared to sick leave hours accrued. (For example, agency XYZ used and / or paid out 1,000 hours of annual leave. The annual leave hours earned for agency XYZ were 4,000. Therefore, the percentage factor for XYZ annual leave usage would be 25%). This calculation can be done on a fiscal year or calendar year basis. If CIPPS is used for leave, DOA has developed a report (U008) entitled "Year End Leave Usage/Accrual Percentage Report" that computes the percentages required in step 4 on a calendar year basis. If you would like to receive this report contact Sharon H. Lawrence (see contact information in step 3 on the previous page).
5	Multiply the percentages for annual and sick leave usage in step 4 by the projected annual and sick leave liability calculated in step 3.
6	Aggregate the information at the institution level. This is the amount due within one year. Total leave liability less the calculated current portion (Amount due within one year) equals the long-term liability (Amount due more than one year).
7	Retain copies of all computations for review by auditors.

**Footnote
Disclosure**

The following information is required footnote disclosure under GASBS No. 34. Enter this information on the Compensated Absences line on Attachment HE-10, TAB 5, LT Liabilities.

- Beginning Balance – should equal the prior year ending balance.
- Increases – use the projected amount calculated in step 3 in FY 2006 or actual current year information.
- Decreases – calculated amount since other three amounts are known
- Ending Balance – should equal the total leave liability calculated.
- Amount due within one year – should equal the amount calculated in step 6 above.
- Amount due more than one year – should equal the amount calculated in step 6 above.

The projected leave liability calculated this year can be used as increases in fiscal year 2008. The projected leave liability calculated in fiscal year 2008 can be used as increases in fiscal year 2009 and so on.

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Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Purpose

To obtain financial statement and footnote information from each higher education institution (HEI*) including blended component units of the HEI. This attachment has a financial statement template (FST) and footnote/informational tabs. It also has a Combining FST and footnote/informational tabs for foundation** information. This is similar to prior year Attachment HE-10.

***HEI** referred to in this attachment is defined as the higher education institution and any blended component units.

****Foundation** referred to in this attachment is defined as a foundation/entity that is a discrete component unit of the HEI as required by GASBS No. 39.

Applicable institutions

All institutions **must** complete this attachment.

Note: The following tabs must be completed by all HEIs: FST, Checklist, TAB 6, TAB 7, TAB 8, and the new Certification tab. The following tabs must be completed by all HEIs that have foundation(s): Combining FST, TAB F6, and TAB F7. The remaining tabs must be completed if the HEI or the foundation(s) have amounts reported on certain line items and/or certain conditions exist.

Due date

September 27, 2007

Certification (new tab)

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

SAS 112

Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 112), states that the identification by the auditors of a material misstatement is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. This includes misstatements involving estimation and judgments. Institutions and foundations must ensure controls are in place to avoid material misstatements and/or misclassifications in the Attachment HE-10, Financial Statement Template.

Any foundation included in the CAFR must also meet the reporting requirements outlined in the directive. The HEI is responsible for ensuring the foundations are both aware of and comply with the reporting requirements. As stated in the appendix to SAS 112, one example of a potential material weakness is the failure to obtain timely and accurate consolidating information required for financial statement reporting.

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by "-FST." For example, VCCS would save the file as VCCS-FST.xls. This file includes the following tabs: FST, Combining FST, Elimination Entries to FST, Checklist, twenty footnote/informational tabs, Certification, and the Revision Control Log.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

**Revision
control log -
deleted**

For Attachments HE-2 to HE-8, the revision control log is used to document changes between the first attachment submission and the final attachment submission. As previously discussed, HEIs are required to submit only one complete and accurate Attachment HE-10, Financial Statement Template, and fluctuation analysis explanations by the September 27th due date. Therefore, a revision control log is not included in this attachment.

Comptroller's Directive 2-07 Attachment HE-10 Financial Statement Template

Errors discovered after submission

HEIs must ensure that all efforts have been made to submit a complete and accurate template. However, if the HEI discovers an unexpected error in the attachment after the submission, the Fiscal Officer must send an e-mail with the subject line “**Error discovered after HEI template submission**” to: Sharon Lawrence, Director of Financial Reporting, at Sharon.Lawrence@doa.virginia.gov and copy: Doug Page, Assistant Director of Financial Reporting, at Doug.Page@doa.virginia.gov, and Christy Tuck, Senior Financial Reporting Analyst, at Christy.Tuck@doa.virginia.gov, and with the following information:

- Description of the error
- Dollar amount of the error
- Correcting AJE to the FST, Combining FST, and/or Elimination Entries to FST tabs
- Correcting entries to any other footnote/informational tabs
- Cause of the error
- Reason why the error was not discovered prior to the submission

In addition to sending this e-mail, call Sharon Lawrence (804) 225-2414, Doug Page at (804) 225-3136, or Christy Tuck at (804) 225-3180 to verify they received the e-mail and discuss the reporting error. DOA will determine what additional information may be needed.

Financial & administrative management standards

The *Code of Virginia, §2.2-5004 A3*, identifies “substantial compliance with all financial reporting standards approved by the State Comptroller” as an integral part of the financial and administrative management standards. **DOA will evaluate both the timeliness and accuracy of the financial statement directive submissions to help determine whether the higher education institutions have complied with this management standard.**

In prior year’s DOA has found errors in the financial statement template and has either made manual adjustments to correct the submission or required the HEI to submit a corrected attachment. **DOA should not be part of the HEI’s internal controls for discovering reporting errors.** For FY 2007, if any errors are brought to DOA’s attention by the HEI after the September submission **and/or** if DOA finds errors in the financial statement template submission, DOA will evaluate whether or not the HEI is in substantial compliance with the financial reporting standards.

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

**Additional
guidance**

See the **Financial Statement Template Preparation for Higher Education Institutions, Additional Guidelines for Preparation of the Financial Statement Template**, and **Combining Financial Statement Template Preparation for Foundation(s)** sections in the Office of the Comptroller's Directive 2-07 for additional guidance in completing this attachment.

Summary of Attachment Changes

**FST line item
changes - HEI**

SNAP line items: The following State Non-Arbitrage Program (SNAP) line items have been removed from the FST because SNAP amounts represent bond proceeds and should be reported on the applicable "restricted" SNAP line items.

- State Non-Arbitrage Program (SNAP) funds
- SNAP Individual Portfolio – Cash Equivalents
- SNAP Individual Portfolio – Investments

New line item to report interest/rebate allocation due from the Commonwealth: A new financial statement template line item has been added to account for the interest/rebate allocations due to the institutions per *Code of Virginia, §2.2-5005*. These amounts will be e-mailed to fiscal officers in late August and should be reported on the new Due from Primary Government (interest/rebate allocations) line item.

Continued on next page

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Summary of Attachment Changes, *continued*

**FST line item
changes – HEI,
*continued***

Treasury's Reimbursement Programs – line items: The FST line items have been changed to account for the reporting guidelines for Treasury's reimbursement programs. For more detail on these changes, see the "Higher Education Accounting Procedures" on DOA's website at www.doa.virginia.gov. Click on the "Financial Reporting" link, and then click on "Higher Education Accounting Procedures." Also, the revised Attachment HE-8, Treasury's Reimbursement Programs, provides additional information on the changes. The following is a crosswalk of the change in financial statement template line items:

FY 2006 Financial Statement Template Line Item - Assets	FY 2007 Financial Statement Template Line Item - Assets
Appropriations Available – 21 st Century	Due from Component Units (VCBA 21 st Century)
Due from Primary Government	Due from Component Units (ETF)
Appropriations Available – GOB	Due from Primary Government (GOB)
Appropriations Available – VPBA	Due from Primary Government (VPBA)

FY 2006 Financial Statement Template Line Item - Revenue	FY 2007 Financial Statement Template Line Item - Revenue
State appropriation revenue – 21 st Century	Revenue from VCBA (21 st Century)
Capital Gifts & Grants (ETF) Other Gifts & Grants (ETF)	Revenue from VCBA (ETF)
State appropriation revenue – GOB	Capital Contributions from Treasury (GOB)
State appropriation revenue – VPBA	Capital Contributions from Treasury (VPBA)

**Row numbers
for FST line
items**

The **row numbers for certain FST line items have changed** because of the changes in line items previously discussed. In addition, DOA deleted some FST line items that were for DOA use only. If the row number of the FST line items is important to the conversion of the individually published financial statements to the template line items, you may need to review the FST to see if these changes affect the conversion of this information.

Continued on next page

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Summary of Attachment Changes, *continued*

Other changes

- **All tabs – check figures added:** Check figures have been added on all tabs that have cells that show an error message if information is keyed incorrectly. The check figures are displayed in red and they show total amounts that should help to determine why there is an error message. Some check figures will show on the printed document; however, some check figures are seen on the screen but are not within the print area range and will be excluded from the printed document. In addition to check figures, some informational subtotals and amounts have also been included in selected tabs.
 - **New tabs – Calculation of Invested in Capital Assets, Net of Related Debt:** **TABS 9** and **F10** have been added to document the invested in capital assets, net of related debt calculation. Prior year's TAB 7 Part 13 and TAB F7 Part 9 no longer have these calculations.
 - **TABS 2 and F3, Receivables,** have been revised to include an **Interest Receivable** category. Also the Loans Receivable category has been changed to **Loans/Mortgage Receivable**.
 - **TAB 7, Miscellaneous,** the prior year's Part 14, *GASBS No. 46, Net Assets Restricted to Enabling Legislation*, has been removed. A new part 13 has been added to request information regarding **GASBS No. 43, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEBs)**.
 - **TAB F5, LT Liabilities:** The following information is **no longer needed** for **Parts 1 and 2** regarding bonds or notes payable amounts reported by the foundations: original issue date, original issue \$, interest rates, and maturity date. Also, a **new Part 5** has been added to provide the following for **Long-term Liabilities-Other:** foundation, outstanding balances as of year-end, and description.
 - **TAB F8, Intrafund:** This tab only applies to institutions with foundations that have calendar year-ends. Significant intrafund activity/balances between the institution and foundations (including among the foundations) with calendar year-ends that cannot be eliminated because of the differing year-ends must be provided on this tab. This tab has been revised to provide **foundation** FST line items and amounts that cannot be eliminated (**Part 1**) and to provide the **institution (HEI)** FST line items and amounts that cannot be eliminated (**Part 2**).
 - **TAB F9, Short-term Debt:** The following information is **no longer needed** regarding short-term debt or BANS reported by the foundations: date issued, amount issued, interest rates, expiration/maturity date.
 - **Checklist:** Changes have been made to the checklist tab. This tab must be read prior to completing the attachment and it should be completed after the attachment is complete.
-

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Financial Statement Template (FST)

FST columns

The HEI must enter amounts in the column titled **“HEI Total Year-End June 30, 2007.”** As noted on page 1, HEI is defined as the higher education institution and any blended component units. **Footnote TABS 1A, 1B, and 2 to 9*** must be completed for amounts reported in this column.

The column **“Foundation(s) Year-End Totals”** is linked to the “Foundation(s) Year-End Totals” column on the Combining FST tab.

The column **“Elimination Entries”** is linked to the “Elimination Entries to FST – Combined Total” column on the Elimination Entries to FST tab.

The **“Combined Total”** column sums the three columns and will be linked to the CAFR with some exceptions. DOA will make certain adjustments to these amounts; therefore, amounts in this column do not always equal the amounts reported in the CAFR.

Fluctuation Analysis - For prior year amounts to appear, the HEI must first select the HEI's acronym from the drop-down list. Once selected, the prior year amounts will appear and the #N/As will disappear. The fluctuation analysis is comparing the current year's HEI and Foundation amounts with the prior year amounts reported to DOA on the FY 2006 Attachment HE-10, FST. Some amounts have been adjusted by DOA and those adjustments will be provided to the HEIs. Two sets of materiality scopes must be calculated. See the [**Additional Guidelines for Preparation of the Financial Statement Template**](#) in the Comptroller's Directive 2-07.

Note*: If applicable, TAB F8, Part 2 must be completed for significant intrafund activity/balance amounts reported in this column that cannot be eliminated because a foundation reported on the Combining FST has a different year-end.

Continued on next page

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Financial Statement Template (FST)

**Elimination
entries**

The line items listed below may be used to record significant balance/activity amounts among the HEI and the foundation(s) that must be eliminated. They may also be used for significant balance/activity amounts among the foundations that must be eliminated.

- Due from Foundation(s)
- Due to Foundation(s)
- Due from Higher Education Institution
- Due to Higher Education Institution
- Payments/Support from Foundation(s)
- Payments/Support to Foundation(s)
- Payments/Support from the Higher Education Institution
- Payments/Support to the Higher Education Institution

Any significant intrafund balance/activity amounts recorded on other line items must also be eliminated.

Elimination Entries to FST tab: All significant elimination entries for intrafund balance/activity amounts among the HEI and the foundation(s) must be recorded on the “Elimination Entries to FST” tab. This tab has a column for elimination entries to the HEI amounts and another column for the elimination entries to the Foundation amounts. After entering all elimination entries, ensure there are no “ERROR” messages on this tab or the FST tab. The “Elimination Entries “column on the FST is linked to the “**Elimination Entries to FST – Combined Total**” column in this Elimination Entries to FST tab.

Combining FST tab: All significant elimination entries for intrafund balance/activity amounts among the foundations reported on the Combining FST tab must be reported in the Elimination Entries column on the Combining FST tab.

Any significant intrafund balance/activity amounts not eliminated because the foundation(s) has a December 31st year-end must be reported on TAB F8, Intrafund.

Note: While there is no set definition for significance, the HEI should consider the impact the activity would have on a CAFR user. If the activity would lead a CAFR user to reach an incorrect understanding of the HEI's activity, then it should be eliminated. In instances requiring elimination, it is possible that the amounts reported by the HEI and foundations may not agree exactly. The HEI should use professional judgment to reclassify any residual balances to another line item, as appropriate.

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Combining Financial Statement Template

Columns

The **Combining Financial Statement Template (Combining FST)** is a tab to record foundation financial information. Most HEIs have at least one **foundation**. As stated on page 1, a foundation is defined for this attachment as a discrete component unit of the HEI as required by GASBS No. 39. The Combining FST has up to eight columns that can be used to record foundation amounts. A separate column must be used for each foundation. Record the foundation name, year-end date, and amounts. **Footnote TABS F1 to F10** must be completed for each foundation. The foundation name and year-end date on the footnote tabs are linked to the Combining FST.

The HEI must key amounts in the column titled “**Elimination Entries**” to eliminate significant intrafund balance/activity amounts among the foundations that are reported on the Combining FST. Generally, the elimination entries should not affect the ending net asset balances. Of course, this column does not apply to those HEIs with only one foundation.

The FST is linked to the “**Foundation(s) Year-End Totals**” column.

Calendar year-end

If a foundation has a December 31st rather than a June 30th year-end, the HEI must report the foundation's amounts as of December 31, 2006.

Line items

The line items on the Combining FST mirror the FST except for those that only apply to the HEI. (For example, Appropriations Available, State Appropriation Revenue, etc.)

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GASBS No. 3 & GASBS No. 31 Footnote Information for HEI (TABS 1A, 1B)

Purpose TAB 1A is used to obtain information regarding cash, cash equivalents and investments. TAB 1B is to obtain GASBS No. 31 information.

Definitions For purposes of this Directive, the following definitions apply:

Cash – the standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

Cash Equivalents – instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP) fund*, and the Local Government Investment Pool. Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

Investments – securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

Security – generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

Note*: SNAP Individual Portfolios may include cash equivalents and/or investments depending on what makes up the portfolio. This is why there is a Restricted SNAP Individual Portfolio – cash equivalent and a Restricted SNAP Individual Portfolio – investment line item.

This tab has been revised because the following SNAP line items from the prior year have been deleted from the FST: SNAP Funds, SNAP Individual Portfolio-Cash Equivalents, and SNAP Individual Portfolio-Investments. These line items were deleted because SNAP amounts represent unspent bond proceeds and should be reported on the Restricted line items only.

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GASBS No. 3 and GASBS No. 31 Footnote Information for HEI (TABS 1A, 1B), continued

**Completing
TAB 1A**

Follow the procedures below:

Part No.	Guideline
1	<p>Report the institution's CARS GLA 101 balance by fund, excluding fund 0100. This amount should agree to Cash held with Treasurer of VA line items on the Statement of Net Assets. (Note: General Fund (0100) cash should be classified as appropriation available on the Statement of Net Assets.)</p> <p>If the total amount reported does not equal CARS GLA 101, excluding Fund 0100, submit a reconciliation by fund with the attachment.</p>
2	<p>Amounts for the following line items are linked to the FST.</p> <ul style="list-style-type: none">• Cash not held with Treasurer of Virginia• Restricted Cash not held with Treasurer of Virginia <p>The total of these amounts must be recorded on Attachment HE-10A-detail tab – Part 1a. Attachment HE-10A requires additional footnote information on these line items.</p>
3	<p>The amounts for the following line items are linked to the FST.</p> <ul style="list-style-type: none">• Restricted SNAP Individual Portfolio– Cash Equivalents• Restricted SNAP Individual Portfolio - Investments• Cash Equivalents & Restricted Cash Equivalents not held with Treasurer of Virginia• Investments & Restricted Investments not held with Treasurer of Virginia <p>The total of these amounts must be recorded on Attachment HE-10A-detail tab – Part 3. Attachment HE-10A requires additional footnote information on these line items.</p>

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GASBS No. 3 and GASBS No. 31 Footnote Information for HEI (TABS 1A, 1B), continued

**Completing
TAB 1A**

Follow the procedures below:

Part No.	Guideline
4a & b	Cash Equivalents held with Treasurer of VA and Restricted Cash Equivalents held with Treasurer of VA (excludes SNAP & LGIP): <ul style="list-style-type: none">• Provide descriptions and amounts.
4c & d	Investments held with Treasurer of VA and Restricted Investments held with Treasurer of VA (excludes SNAP): <ul style="list-style-type: none">• Provide descriptions and amounts.
5a & b	For any Local Government Investment Pool (LGIP) and / or Restricted Local Government Investment Pool amounts, provide the LGIP account # and amounts.
6a	For any Restricted State Non-Arbitrage (SNAP) Fund amount, provide the SNAP account # and amounts.
6b	For any amounts reported on the two Restricted SNAP Individual Portfolio line items, provide the SNAP account # and amounts.

**Completing
TAB 1B**

Complete this for all cash equivalents and investments reported on the financial statement template.

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Additional Footnote Information for HEI (TABS 2 through 9)

**TAB 2,
Receivables**

This tab as been revised to add a **new Interest Receivable** category. In addition, the Loans Receivable category has been changed to **Loans/Mortgage Receivable**. Descriptions must be provided for "Other Receivables."

Part 1) Provide the amounts and descriptions for the HEI's receivable footnote.

Part 2) Provide footnote elimination entries to the HEI amount reported on the Elimination Entries to FST tab

"ERROR" messages will appear if the amounts do not agree to the amounts reported on the applicable FST and/or Elimination Entries to FST tabs. Check figures have been added in red to help determine why an "ERROR" message appears.

**TAB 3, Capital
Assets**

Provide the following footnote information for the HEI:

Part 1) Schedule of Changes in Capital Assets

Part 1a) Comparison of Beginning Balances to Prior Year's Ending Balances: This compares the prior year's ending balances to the current year's beginning balances and calculates differences. After selecting the institution's acronym, prior year's ending balances will appear and the #N/As will disappear. The amounts in the Balance July 1, 2006 column are linked to Part 1. The HEI must explain the differences.

Part 2) Capital Asset Capitalization Policy

Part 3) Works of Art/Historical Treasures

Parts 4.1 to 4.3) GASBS No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*: See section titled "TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS No. 42" for additional information.

Part 5) This is for **elimination entries** reported on the Elimination Entries to FST tab on the HEI's capital asset line items.

"ERROR" messages will appear if the amounts do not agree to the amounts reported on the applicable FST and/or Elimination Entries to FST tabs. Check figures have been added in red to help determine why an "ERROR" message appears.

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Additional Footnote Information for HEI (TABS 2 through 9), continued

TAB 5, LT
Liabilities

This tab provides the following footnote information:

Part 1) Schedule of Changes in Long-Term Liabilities

Part 1a) Comparison of Beginning Balances to Prior Year Ending Balances:
This compares the prior year's ending balances to the current year's beginning balances and calculates differences. After selecting the institution's acronym, the prior year's ending balances will appear and the #N/As will disappear. The amounts in the Balance July 1, 2006 column are linked to Part 1. The HEI must explain the differences.

Part 2) Schedule of Installment Purchase Obligations

Part 3) Schedule of Future Capital Lease Payments & Related Capital Asset Balances

Part 4) Bonds Payable (Institutional Debt)

Parts 5 to 8) These are for **elimination entries** reported on the Elimination Entries to FST tab on the HEI's long-term liability line items.

"ERROR" messages will appear if the amounts do not agree to the amounts reported on the applicable FST and/or Elimination Entries to FST tabs. Check figures have been added in red to help determine why an "ERROR" message appears.

TAB 6,
Commitments

This tab provides the following footnote information for the HEI:

Parts 1 and 3) Operating Leases

Parts 2 and 4) Other Commitments

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Additional Footnote Information for HEI (TABS 2 through 9), continued

**TAB 7,
Miscellaneous**

This tab provides the following footnote information for the HEI:

- Part 1) Inventory
- Part 2) Restricted Cash and Cash Equivalents/Restricted Investments/Other Restricted Assets
- Part 3) Unearned Revenue
- Part 4) GASBS No. 20
- Part 5) GASBS No. 33
- Part 6) GASBS No. 38
- Part 7) Contingent Liabilities
- Part 8) Subsequent Events
- Part 9) Flow Assumption for Restricted Resources
- Part 10) Donor-Restricted Endowments
- Part 11a) Other Liabilities*
- Part 11b) Accounts Payable – Other*
- Parts 12a & b) Other Assets & Other Restricted Assets*
- Part 13) GASBS No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEBs)
- Part 14) GASBS No. 47, *Accounting for Termination Benefits*

Note *: “ERROR” messages will appear if certain amounts do not agree to the amounts reported on the FST tab. Check figures have been added in red to help determine why an “ERROR” message appears.

Note: Prior year's Part 13, Calculation of Invested in Capital Assets, Net of Related Debt, has been removed. This calculation must be provided on the new TAB 9, Inv in Cap Assets. Prior year's Part 14, GASBS No. 46, *Net Assets Restricted by Enabling Legislation*, has been removed.

**TAB 8, Short-
term Debt**

This tab is to provide the detail for short-term debt activity during the year with a party **external** to the Commonwealth. This is a footnote disclosure required by GASBS No. 38.

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Additional Footnote Information for HEI (TABS 2 through 9), continued

**TAB 9, Inv in
Cap Assets**

This new tab is to document the calculation of the invested in capital assets, net of related debt amount. This is a net asset line item and is calculated as follows: Total capital assets less debt related to capital assets plus unspent debt proceeds plus unamortized bond issuance expenses. Below is a simple example of how to calculate this amount using the following information: total capital assets of \$10,000,000; bonds payable related to the construction of a building that total \$5,000,000, unspent bond proceeds reported as restricted cash related to this debt of \$2,000,000; and unamortized bond issuance expense of \$20,000.

Total Capital Assets (linked)	\$10,000,000	
Less: Bonds Payable (linked)	-5,000,000	*
Add: Unspent Bond Proceeds	2,000,000	*
Add: Unamortized Bond Issuance Expense	<u>20,000</u>	
Invested in Capital Assets, Net of Related Debt	<u>\$7,020,000</u>	

Note*: The difference between the bonds payable and the unspent bond proceeds of \$3,000,000 should represent the bond proceeds that have already been spent and included in the total capital asset amount as construction in progress.

The total capital asset and the debt amounts are linked to the FST. Since the total debt amounts are linked to the FST and will show as a negative amount, any of the debt amounts that are not related to capital assets must be recorded as a positive amount to exclude from the calculation. Unspent bond proceeds and unamortized bond issuance expense** on debt related to capital assets must be included in the calculation as positive amount. Short-term debt (i.e. lines of credit)** is not linked to the FST; therefore, any Short-term Debt (i.e. lines of credit) related to capital assets must be included in the calculation as a negative amount.

Some HEIs have eliminations entries that affect capital asset and/or debt line items. If the HEI has elimination entries that affect these line items, the second column is to document the calculation of the invested in capital assets, net of related debt based on the elimination entries.

Note **: This tab includes informational totals that show what amounts are reported on the FST and/or Elimination Entries to FST tabs for unamortized bond issuance expense and short-term debt (lines of credit) line items.

For additional guidance on this calculation, see GASBS No. 34 and the Comprehensive Implementation Guides.

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TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS No. 42

Purpose

The purpose of GASBS No. 42 is to provide reporting guidance for the following: impairment of capital assets, and all insurance recoveries (not just recoveries for impaired capital assets).

Overview of Requirements

Financial Statement Template Reporting:

- **Recognize Impairment Loss: Capital assets permanently impaired during fiscal year 2007:** The capital asset must be written down by the impairment loss amount. Any insurance recoveries recognized during the year for the impaired capital asset must be netted with the impairment loss. These losses should be reported as program expense-loss on sale/disposal/impairment of capital assets, special item, or extraordinary item
- **Insurance Recoveries:** For any insurance recoveries that are for prior year capital asset impairments and/ or all other reasons (i.e. theft, embezzlement of cash, etc.), report these recoveries as program revenue-operating grants & contributions, program revenue – capital grants & contributions, or an extraordinary item.

Footnote Disclosures:

- **Impairment Losses:** The footnotes must include a general description, the amount and the financial statement template line item.
- **Idle Permanently and/or Temporarily Impaired Capital Assets:** The carrying amount of temporarily and/or permanently impaired capital assets that are idle as of year-end must be disclosed.
- **All Insurance Recoveries:** The footnotes must include the amount and financial statement template line item for **all** insurance recoveries (not just for impaired capital assets).

Other Considerations:

- For any capital assets that do not meet the impairment test, the remaining useful life and salvage value may need to be reevaluated and changed on a prospective basis.

Refer to GASBS No. 42 for additional guidance. Also, see section titled Appendix 1: GASBS No. 42 Example Entries in these instructions.

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TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS No. 42, continued

Instructions:
Part 4.1

This part is to identify potential impairments as follows:

- A) **Possible Impairment of Capital Assets:** As of June 30, 2007, did the institution have an event* or change in circumstances* that may indicate an impairment of a capital asset as described in GASBS No. 42? If yes, provide a description, month/year it took place, the possible impaired capital assets, and then go to B. If no, go to Part 4.3.

Note*: This must be a prominent event or circumstance that is conspicuous or known to the institution. It is expected to have been discussed by the board, management, or media. Common indicators of impairment include the following:

- Physical damage (i.e. fire, flood)
- Enactment or approval of laws/regulations or other changes in environmental factors
- Technological development or evidence of obsolescence
- Change in the manner or expected duration of a capital asset
- Construction stoppages (i.e. lack of funding)

- B) **Impairment Test:** If yes to A, is the decline in service utility of the capital asset significant **and** unexpected? If yes, go to C. If no, go to 4.3.

Note: If this test indicates an impairment has not occurred, the estimated useful life and salvage value may need to be reevaluated and changed. This should be accounted for on a prospective basis.

- C) **Permanent Impairment:** If yes to A and B, is the impairment considered permanent? If yes, go to D. If no, go to 4.2.

Note: Generally, an impairment should be considered permanent; however, in some cases it may be considered temporary. If it is considered temporary, the capital asset should not be written down. See GASBS No. 42 for additional guidance.

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TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS No. 42, continued

Instructions:
Part 4.1,
continued

D) Financial Statement Template Reporting & Footnote Disclosure: If yes to A, B, and C, has the impairment loss and related insurance recoveries (if applicable) been properly reported on the FST in accordance with GASBS No. 42? If **no**, provide an explanation. If **yes**, provide the following: impairment loss, insurance recoveries recognized in fiscal year 2007 included in the net impairment gain/(loss) calculation, and the FST line item that the net gain/(loss) on the impairment is reported on.

Notes: For **impaired capital assets that will continue to be used by the institution**, the impairment loss that should be written off should be measured by one of the following methods: restoration cost approach, service units approach, or deflated depreciation replacement cost approach. For **impaired capital assets that will no longer be used by the institution or capital assets impaired from construction stoppage**, they should be reported at the lower of carrying value or fair value.

Loss on capital assets that became permanently impaired during fiscal year 2007 must be reported on the financial statement template as program expenses—loss on sale/disposal/impairment of capital assets, extraordinary item, or special item. Use professional judgment to determine the appropriate FST line item.

Also, per GASBS No. 42 paragraph 21, if insurance recoveries are received in the same year as the impairment loss, the impairment loss should be reported net of the associated insurance recovery. Also, per GASBS No. 42 paragraph 17 - footnote 6, this guidance also applies to insured impairments that result in an accounting gain.

Note: For FY 2006, there was a beginning net asset line item to report a restatement because of implementing GASBS No. 42. This line item has been removed from this section since any restatements because of GASBS No. 42 implementation should have been reported last year.

**Part 4.2, Idle
Capital Assets –
Temporarily or
Permanently
Impaired**

Any permanently and/or temporarily impaired capital assets that are idle as of year-end must be disclosed. Provide the carrying amount of any permanently and/or temporarily impaired capital assets as of year-end.

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TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS No. 42, continued

**Part 4.3, Other
Insurance
Recoveries**

For any insurance recoveries that are not reported in Part 4.1 D, provide the amount and financial statement template line item. Also, provide a description.

Note: This includes current year insurance recoveries for capital assets impaired in prior years. It also includes all other insurance recoveries. (i.e. recoveries for embezzlement of cash, theft). Insurance recoveries should be reported on the financial statement template as program revenue-operating grants & contributions, program revenue-capital grants & contributions, and / or extraordinary item. Use professional judgment to determine the appropriate FST line item.

Footnote Information for Foundation(s) (TABS F1 through F10)

Background

The foundation footnotes differ from HEI footnotes because foundation(s) follow FASB rather than GASB. HEIs are **not** expected to convert foundation FASB footnotes into GASB footnotes; however, there will be some additional information needed from foundations in order to report information in the CAFR. TABS F1 through F10 are to gather selected foundation footnote information for the CAFR.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F1

Tab F1, Cash, Cash Eqv, and Inv, include the following for the foundations:

- Part 1) Answer questions regarding cash and cash equivalents (including restricted cash and cash equivalents).
 - Part 2a) Record the fair value of investments (including restricted investments). There are two columns to record footnote elimination entries to foundation investment and restricted investment amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a total after all elimination entries. "ERROR" messages will appear if totals do not agree to the appropriate tabs. Check figures have been added in red to help determine why an "ERROR" message appears.
 - Part 2b) State whether any amounts reported in Part 2a are reported at cost rather than fair value.
 - Part 3a) State whether the foundation has any investments in LGIP. If yes, complete TAB F2, SNAP & LGIP.
 - Part 3b) State whether the foundation has any investments in SNAP. If yes, complete TAB F2, SNAP & LGIP.
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TAB F2

TAB F2, SNAP & LGIP: If the foundation has any investments in the State Non-Arbitrage Program (SNAP) or the Local Government Investment Pool (LGIP) during the year or at year-end, provide the account numbers and year-end balances. The Combining FST line item for these amounts must be provided. A drop-down list is provided with the following line items:

- Part 1) LGIP amounts: Cash & Cash Equivalents
 Restricted Cash & Cash Equivalents
- Part 2) SNAP amounts: Restricted Cash & Cash Equivalents
 Restricted Investments

The SNAP amounts should be reported on the "Restricted" line items because balances represent unspent bond proceeds. Judgment must be used to determine if any LGIP amounts should be reported on the "Restricted" line items. (See Checklist tab item 9 for further guidance.)

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F3

TAB F3, Receivables, include the following for the foundations:

Part 1) **Receivables, Net** must have the gross amount of accounts receivable, **loans/mortgage receivable (revised category)**, **interest receivable (new category)**, other receivables, allowance for doubtful accounts, and the net amount expected to be collected in greater than one year. The HEI may need to require this additional information from the foundation if the foundation's Statement of Financial Position and /or footnotes do not clearly indicate the type of receivable, gross and allowance amounts, and the net amount expected to be collected in greater than one year. Also, a description must be provided for "Other Receivables."

There are two columns to record footnote elimination entries to foundation receivable amounts reported on the Combining FST and/or Elimination Entries to FST.

Part 2) **Contributions Receivable, Net** must have the following disclosures: amount due in less than one year, amount due between one and five years, amount due in more than five years, present value discount, allowance for uncollectible contributions, and discount rate used to determine present value.

There are two columns to record footnote elimination entries to foundation contribution receivable amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a total after all elimination entries.

"ERROR" messages will appear if certain amounts do not agree to the amounts reported on the Combining FST and/or Elimination Entries to FST tabs. Check figures have been added in red to help determine why an "ERROR" message appears.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F4

TAB F4, Capital Assets, include the following for the foundations:

Provide year-end capital asset amounts by category, gross amounts, and accumulated depreciation amounts. There are two columns to record footnote elimination entries to foundation capital asset amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a total after all elimination entries.

“ERROR” messages will appear if certain amounts do not agree to the amounts reported on the Combining FST and/or Elimination Entries to FST tabs. Check figures have been added in red to help determine why an “ERROR” message appears.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F5 & F5.1 **TAB F5 and F5.1, LT Liabilities:** TAB F5 has a **new Part 5** to obtain a description for amounts reported on the **Long-term Liabilities – Other** line items. In addition, the TAB F5 has four parts to obtain descriptions, payees, and outstanding balances of the following for the foundations:

- Part 1) Notes Payable
- Part 2) Bonds Payable
- Part 3) Capital Lease Obligations
- Part 4) Installment Purchase Obligations

TAB F5.1 also has four parts, but it is to obtain future payments on the above long-term liabilities. The future payments are for the next five years and then a total for all years thereafter. Capital asset balances must be provided for any capital assets purchased with the capital leases.

TAB F5.1: There are two columns to record footnote elimination entries to the applicable foundation line items reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a total after all elimination entries.

“ERROR” messages will appear if certain amounts do not agree to the amounts reported on the applicable tabs. Check figures have been added in red to help determine why an “ERROR” message appears.

Note: TAB F5 has been revised from the previous year. Parts 1 and 2 had asked for original issue date, original issue amount, interest rates, and maturity dates. This information is no longer needed.

TAB F6 **TAB F6, Commitments,** include the following:

- Part 1) Provide information on operating lease agreements.
- Part 2) Provide information on any other commitments reported by the foundation as of year-end.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F7

TAB F7, Miscellaneous, include questions in the following categories:

- | | |
|----------------|--|
| Part 1) | General |
| Part 2) | Restricted Cash and Cash Equivalents, Restricted Investments, Other Restricted Assets |
| Part 3) | Split-Interest Agreements |
| Part 4) | Contingent Liabilities |
| Part 5) | Subsequent Events |
| Part 6) | Significant Intrafund Balance/Activity Amounts not Eliminated because of Different Year-End Dates* |
| Parts 7a & 7b) | Other Assets & Other Restricted Assets** |
| Part 8) | Other Liabilities** |

Note*: Part 6 has been expanded to state whether any intrafund balance/activity among the foundations reported on the Combining FST could not be eliminated because of differing year-ends.

Note **: “ERROR” messages will appear if certain amounts do not agree to the amounts reported on the applicable tabs. Check figures have been added in red to help determine why an “ERROR” message appears.

Note: Prior year's Part 9, Calculation of Invested in Capital Assets, Net of Related Debt, has been removed. This calculation must be provided on the new TAB F10, Inv in Cap Assets.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F8

TAB F8, Intrafund: This must be completed if **both** of the following conditions are met.

1. The foundation has a December 31st year-end.
2. The HEI and the foundation(s) have significant intrafund balance/activity amounts reported on the FST that have not been eliminated because of different fiscal years or the foundations reported on the Combining FST have significant intrafund balance/activity amounts reported on the Combining FST that have not been eliminated because of different fiscal years.

If both conditions are met, provide the FST line items and amounts that were not eliminated. Item 2 above was expanded this year to include any significant intrafund balance/activity amounts among the foundations that cannot be eliminated because of different fiscal years. Also, there are two parts on this tab to report the foundation (Part 1) and HEI (Part 2) amounts that cannot be eliminated.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F8,
continued

Additional Information: Approximately three institutions have one or more foundations with a calendar year-end. This makes the elimination entries a little more complicated. Any significant intrafund activity/balances that are not eliminated because of different year-ends, must be disclosed on TAB F8. Below is an example of how activity/balances should be reported on the Attachment HE-10 for FY 2007:

Significant intrafund balances reported on the Statement of Net Assets

HEI / Foundation	As of 12/31/2006	As of 6/30/2007
Foundation (calendar year-end)	Disclose on TAB F8 – Part 1	n/a
HEI (fiscal year-end)	n/a	Disclose on TAB F8 – Part 2

Significant intrafund activity reported on the Statement of Activities

HEI / Foundation	1/1/2006 to 6/30/2006	7/1/2006 to 12/31/2006	1/1/2007 to 6/30/2007
Foundation (calendar year-end)	Disclose on TAB F8 – Part 1	Record on Elimination Entries to FST tab (Foundation column)	n/a
HEI (fiscal year-end)	n/a	Record on Elimination Entries to FST tab (HEI column)	Disclose on TAB F8 – Part 2

In addition, if there is significant intrafund balance/activity amounts among the foundations reported on the Combining FST that are not eliminated because of differing year-ends, that information must also be provided on the TAB F8.

TAB F9

TAB F9, Short-term Debt, complete the following parts:

Part 1) Short-term Debt line item

Part 2) Long-Term Liabilities – Bond Anticipation Notes Payable line items

The following information is no longer required: date issued, amount issued, interest rates, expiration/maturity date. “ERROR” messages will appear if certain amounts do not agree to the amounts reported on the applicable tabs. Check figures have been added in red to help determine why an “ERROR” message appears.

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Footnote Information for Foundation(s) (TABS F1 through F10), continued

TAB F10	This new tab is to document the calculation of the invested in capital assets, net of related debt. This line item is calculated as follows: Total capital assets less debt related to capital assets plus unspent debt proceeds plus unamortized bond issuance expenses. This is similar to TAB 9 for the HEI. See instructions for TAB 9.
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Checklist

Checklist tab	After amounts and information have been entered on all applicable tabs, the Checklist tab must be completed. This tab is to ensure completeness and propriety of amounts reported. Some changes have been made to this tab from the prior year. This tab should be read prior to entering information into the attachment. It should be completed after all tabs except the Certification tab is completed.
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Comptroller's Directive 2-07

Attachment HE-10

Financial Statement Template

Appendix 1: GASBS No. 42 – Example Entries

The examples below are for a building that was impaired because of a fire. The following examples do not include restoration or replacement costs which should be reported as a separate transaction from the impairment loss and associated insurance recovery.

	Impairment loss (prior year)	Impairment loss (current year)	Insurance Recovery (current year)	Net Gain/(Loss) on impairment (current year)
Example 1		(200,000)	150,000	(50,000)
Example 2		(200,000)	250,000	50,000
Example 3		(200,000)	0	(200,000)
Example 4	(200,000)	0	150,000	

Below are example FST entries for the current year from the above examples

Example 1:

Cash	150,000	
Extraordinary item (net loss) (see Note A)	50,000	
Accumulated depreciation-buildings		200,000

Example 2:

Cash	250,000	
Extraordinary item (net gain) (see Note B)		50,000
Accumulated depreciation-buildings		200,000

Example 3:

Extraordinary item (see Note A)	200,000	
Accumulated depreciation-buildings		200,000

Example 4:

Cash	150,000	
Extraordinary item (Note C)		150,000

Note: For example 4, since the insurance recovery was not recognized in the same year as the impairment loss, the insurance recovery is not netted with the impairment loss for the current year. Also, the \$200,000 impairment loss should have been recorded in the prior year.

Comptroller's Directive 2-07
Attachment HE-10
Financial Statement Template

Appendix 1: GASBS No. 42 – Example Entries, continued

Note A: Depending on the circumstances of the impairment, the other FST line items that this loss could be reported on are as follows:

- Expenses-Loss on Sale/Disposal/Impairment of Capital Assets
- Special Item

Note B: Depending on the circumstances of the impairment, the other FST line items that this gain could be reported on are as follows:

- Gain on Sale/Disposal/Impairment of Capital Assets
- Special Item

Note C: Depending on the circumstances of the impairment, the other FST line items that this insurance recovery could be reported on are as follows:

- Program Revenue-Operating Grants & Contributions
- Program Revenue-Capital Grants & Contributions

As a reminder, per GASBS No. 34 the definitions of extraordinary items and special items are as follows.

- Extraordinary item: Transactions or events that are **both** unusual in nature and infrequent in occurrence.
 - Special item: Transactions or other events **within the control of management** that are either unusual in nature **or** infrequent in occurrence.
-

Comptroller's Directive 2-07

Attachment HE-10

Financial Statement Template

Appendix 1: GASBS No. 42 – Example Entries

The following provides guidance on how to report the example entries on the TAB 3:

Example 1: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$ (record as a negative)	Insurance Recovery \$ included in the net impairment gain/(loss) calculation (record as a positive)	Net Gain/(loss) on Impairment
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets			
Special Item			
Extraordinary Item	-200,000	150,000	-50,000
Gain on Sale/Disposal/Impairment of Capital Assets			

Example 2: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$ (record as a negative)	Insurance Recovery \$ included in the net impairment gain/(loss) calculation (record as a positive)	Net Gain/(loss) on Impairment
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets			
Special Item			
Extraordinary Item	-200,000	250,000	50,000
Gain on Sale/Disposal/Impairment of Capital Assets			

Example 3: Record on TAB 3 Part 4.1D as follows:

Financial Statement Template line item:	Impairment loss \$ (record as a negative)	Insurance Recovery \$ included in the net impairment gain/(loss) calculation (record as a positive)	Net Gain/(loss) on Impairment
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets			
Special Item			
Extraordinary Item	-200,000		-200,000
Gain on Sale/Disposal/Impairment of Capital Assets			

Example 4: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$ (record as a negative)	Insurance Recovery \$ included in the net impairment gain/(loss) calculation (record as a positive)	Net Gain/(loss) on Impairment
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets			
Special Item			
Extraordinary Item			
Gain on Sale/Disposal/Impairment of Capital Assets			

Example 4: Record on TAB 3 Part 4.3

Financial Statement Template line item	Other Insurance Recoveries \$
Program Revenue - Operating Grants and Contributions	
Program Revenue - Capital Grants and Contributions	
Extraordinary Item	150,000

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Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

Purpose

This attachment is used to gather uniform financial reporting information for CAFR footnote disclosures required by GASBS No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, as amended by GASBS No. 40, Deposits and Investment Risk Disclosures. This attachment is a supplement to the Attachment HE-10.

Applicable institutions

All institutions that are completing Attachment HE-10 that have cash, cash equivalents, and investments not held with the Treasurer of Virginia must complete this supplemental attachment.

Due Date

September 27, 2007

Certification Tab

The Certification tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Submission requirements

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-10A. For example, VCCS should rename the Attachment HE-10A.xls file as VCCS Attachment HE-10A.xls.

Submit the Excel file electronically to Finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do **not** submit paper copies of this spreadsheet.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

**Revision
control log -
deleted**

For Attachments HE-2 to HE-8, the revision control log is used to document changes between the first attachment submission and the final attachment submission. HEIs are required to submit only one complete and accurate Attachment HE-10A, Schedule of Cash, Cash Equivalents, and Investments at June 30, by the September 27th due date. Therefore, a revision control log is not included in this attachment.

**Errors
discovered after
submission**

HEIs must ensure that all efforts have been made to submit a complete and accurate Attachment HE-10A. However, if the HEI discovers an unexpected error in the attachment after the submission, the Fiscal Officer must send an e-mail with the subject line “**Error discovered after HE-10A submission**” to:

Sharon Lawrence, Director of Financial Reporting, at Sharon.Lawrence@doa.virginia.gov and copy:
Doug Page, Assistant Director of Financial Reporting, at Doug.Page@doa.virginia.gov, and
Christy Tuck, Senior Financial Reporting Analyst, at Christy.Tuck@doa.virginia.gov, and with the following information:

- Description of the error
- Dollar amount of the error
- Number of rows of information that must be corrected
- Correcting information
- Cause of the error
- Reason why the error was not discovered prior to the submission

In addition to sending this e-mail, call Sharon Lawrence (804) 225-2414, Doug Page at (804) 225-3136, or Christy Tuck at (804) 225-3180 to verify they received the e-mail and discuss the reporting error. DOA will determine what additional information may be needed.

Recommended

It is recommended that each institution obtain copies of GASBS No. 3, GASBS No. 40, and the GASBS No. 40 Implementation Guide for better understanding of this attachment.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

As defined

Cash – the standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

Cash Equivalents – instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP) fund*, and the Local Government Investment Pool. Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

Investments – securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

Security – generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

Note*: SNAP Individual Portfolios may include cash equivalents and/or investments depending on what makes up the portfolio. This is why there is a Restricted SNAP Individual Portfolio – cash equivalent and a Restricted SNAP Individual Portfolio – investment line item.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

**Directions for
the “Detail” tab**

Below are instructions as to the proper completion of the “Detail” tab in the Excel Attachment HE-10A. Please follow these instructions carefully.

Part	Instruction
1a	<p>Report the institution’s total cash not held with the Treasurer of VA. <i>This amount must include restricted cash not with the Treasurer of VA and it must agree to the Total of Attachment HE-10, Tab 1A, Part 2.</i></p> <p>Note: Certificates of deposit (CDs) should NOT be reported as cash. CDs should be reported as cash equivalents and/or investments.</p> <p>Note: Money market funds held by financial institutions (i.e. banks, savings and loan associations, and credit unions) versus a broker/dealer (any individual or firm in the business of buying and selling securities for itself and others; broker/dealers must register with the SEC) qualify as deposits, and therefore are classified as cash instead of investments.</p>
1b	For the total cash not held with the Treasurer of VA reported above, provide the total bank balance as of June 30.
1c	Provide an explanation if the reported amount is negative.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

Directions for the “Detail” tab, continued

Part	Instruction
2a	Of the amount reported in 1b above, provide the amount that is insured by the federal depository insurance. (For public units - only a total of \$100,000 per financial institution for interest bearing and an additional \$100,000 for non-interest bearing accounts (i.e. demand deposits) may be insured by the FDIC).
2b	Of the amount reported in 1b above, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 of the <i>Code of Virginia</i>). Note: If all cash not held with the Treasurer of Virginia is included in 2a and 2b above, do not complete step 2c below. If not, the remaining amount should be classified in 2c below.
2c	Is any cash NOT held with the Treasurer of Virginia NOT covered by the FDIC or the Security for Public Deposits Act? If so, report the amount and bank balance for all applicable options below: i) Uncollateralized ii) Collateralized with securities held by the pledging financial institution iii) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. The total of the amounts provided must agree to the total amount in step 1b above.
2d	Provide an explanation if the amount reported in Part 2a) is greater than \$100,000.
3	Report the amount of cash equivalents and investments NOT held with the Treasurer of Virginia and SNAP Individual Portfolio amounts. This amount must include restricted cash equivalents and investments not held with the Treasurer of Virginia and it must agree to the Total of Attachment HE-10, Tab 1A, Part 3. Note: <u>This amount should also agree to the sum of all amounts in the “Reported Amount” column on the “Cash Equiv. & Inv. NOT w Tr” tab of the spreadsheet.</u>

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

Directions for the “Detail” tab, continued

Part	Instruction
4	List the total fair value of cash equivalents/investments not held with the Treasurer of Virginia and SNAP Individual Portfolio amounts subject to foreign exchange risk. Foreign exchange risk is the risk of an investment’s value changing due to changes in currency exchange rates and/or the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to adverse movements in exchange rates. This amount must equal the total of the fair value amount in the “Foreign Currency Inv” tab of the spreadsheet.
5a	If the sum of cash equivalents not held with the Treasurer of Virginia and Restricted SNAP Individual Portfolio - Cash Equivalent amounts on Attachment HE-10 Tab 1A Part 3 is greater than the sum of Less Than 1 year on Cash Equiv. & Inv. Not w Tr. Tab, DOA may contact the institution to obtain an explanation.
5b	Provide an explanation if a Nonnegotiable CD on Cash Equiv. & Inv. Not w Tr. tab is Not reported as cash equivalents not held with the Treasurer of Virginia on Attachment HE-10 Tab 1A Part 3.
5c	The information on Cash Equiv. & Inv. Not w Tr. tab should agree to the agency's individually published financial statements. Any differences must be explained.
5d	DOA should be contacted for adding rows on Cash Equiv. & Inv. Not w Tr. tab if additional rows are needed. All information for <u>GASBS No. 40</u> disclosure should be provided on DOA’s attachments.
6	Are any of the institution's cash equivalents or investments not held with the Treasurer of VA and SNAP Individual Portfolio amounts in debt securities highly sensitive to interest rate changes? Some examples of these include a variable-rate investment with a multiplier, or a variable-rate investment with a coupon that varies inversely with a benchmark index. For further explanations of highly sensitive investments, refer to the <u>GASBS No. 40</u> Implementation Guide, questions 45 – 58. If the institution marked a “Yes”, please provide an explanation as to why these investments are highly sensitive.
7	<u>GASBS No. 40</u> states it is the institution’s responsibility “to update the custodial credit risk disclosure requirements addressing other common risks of the deposits and investments of state and local governments.” With this in mind, please provide a description of any other type of risk to cash, cash equivalents, and investments not covered elsewhere on this attachment.
8	Submit the institution’s investment policy along with this Attachment in the e-mail to finrept-HE@doa.virginia.gov . This is the investment policy that will officially be on record with the Department of Accounts. If the institution does have cash, cash equivalents, and investments NOT with the Treasurer of Virginia and DOES NOT have an investment policy, please provide an explanation.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

**Directions for
the “Cash
Equiv. & Inv.
NOT w Tr” tab**

According to GASBS No. 40, institutions that have cash equivalents/ investments not held with the Treasurer of Virginia and SNAP Individual Portfolio amounts will need to report more detailed information about the risk of their cash equivalents and investments. This spreadsheet requests the necessary information DOA needs to properly report in the CAFR.

List cash equivalent or investment by type and issuer:

In prior years, institutions had to provide information by type of cash equivalent or investment. While DOA is continuing to request this information, DOA will also need each issuer (further broken by each issue) for most cash equivalent and investment types. This information is needed to satisfy the concentration of credit risk for GASBS No. 40. DOA is also requesting any applicable ticker symbol **and** CUSIP number for each issue. (The ticker symbol and CUSIP number are needed to help DOA in sorting all the issuers to ensure there is no one issuer greater than 5% of net assets or plan net assets for any particular fund.)

Note: **Ginnie Mae, EXIMBANK, and SBA** are the only asset backed security that should be included with U.S. Treasury and Agency Securities. This is because it is explicitly backed by the U.S. Government. Securities such as **Fannie Mae, Sallie Mae, and the Federal Farm Credit Banks** are **NOT** explicitly backed by the U.S. Government and should not be included in U.S. Treasury and Agency Securities.

Example: For the cash equivalent or investment type “Common and Preferred Stocks,” the institution would list each issuer such as General Electric Corp. The institution would also list their ticker symbol “GE”. Because it is an equity security, no credit quality rating would need to be given. The institution would then classify the custodial rate risk for this security.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

Directions for the “Cash Equiv. & Inv. NOT w Tr” tab, continued

Credit Quality Rating (AAA, BB, Unrated, etc.):

List the applicable credit quality rating. The credit quality ratings of cash equivalents and investments in debt securities (corporate bonds, corporate notes, etc) as described by nationally recognized statistical rating organizations (rating institutions) must be disclosed.

Obligations of the U.S. government or obligations **explicitly** guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. Negotiable certificates of deposit are also exempt from credit quality ratings. Repurchase agreements are exempt from credit quality ratings **only** if the underlying security is explicitly guaranteed by the U.S. government. The credit quality ratings of external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities should be disclosed. **If a credit quality disclosure is required and the investment is unrated or not rated by any rating agency, the disclosure should indicate that fact that the investment is Unrated. Under no circumstance, should the rating information for any investment be left blank.**

DOA’s rating drop-down list in the “Cash Equiv. & Inv. NOT w Tr” tab provides standardized symbols for commonly used ratings of Standard & Poor’s and Moody’s. Agencies may also refer to these two rating agencies’ website for standardized rating symbols if certain ratings are not included in the drop-down list. **If a rating is not in the drop-down list, contact DOA. Agencies should pay close attention to the rating symbols’ letter case as a different letter case may symbolize different rating definition by different rating agencies.**

Interest rate risk (i.e. maturity) of each cash equivalent and investment:

The interest rate risk of debt investments must be disclosed by investment type and amount. DOA has selected the segmented time distribution method as outlined in GASBS No. 40. This requirement will require the institutions provide, by amount and issuer, the maturity of their debt investments.

GASBS NO. 40 does not require separate disclosure for cash equivalents and investments. Therefore, cash equivalent and investment amounts would be listed in one of the investment column maturities (less than 1 year, 1-5 years, 6-10 years, greater than 10 years) depending on the investment securities that have maturities. Most equity type investments do not have a maturity and their total would only be reported in the “category 3” and/or “uncategorized” columns in the custodial credit risk section.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

Directions for the “Cash Equiv. & Inv. NOT w Tr” tab, continued

Negotiable certificates of deposit should be classified as cash equivalents or investments depending on the original maturity. Negotiable instruments are securities that are normally sold in \$1 million units and that can be traded in a secondary market. **Non-negotiable certificates** of deposit should always be reported as cash equivalents in the “Less Than 1 Year” column. Non-negotiable instruments are time deposits that are placed by depositors directly with financial institutions and that are generally subject to a penalty if redeemed before maturity.

Custodial credit risk:

Per GASBS No. 40, the requirement to disclose cash equivalents and investments as categories 1 and 2 is no longer necessary. These amounts should be reported in the uncategorized column. If the security, however, meets the following criteria, the security must still be reported as Category 3.

- Uninsured,
- Not registered in the name of the government, and
- Are held by either the counterparty or the counterparty’s trust department or agent

Note: Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed because they are held by the buyer-lender.

List the total custodial credit risk that is considered category 3 and the amount that is uncategorized (remaining amount) for each issuer. For debt securities, the total of these two columns should equal the sum of the interest rate risk columns mentioned above or an error message will appear. Equity securities (common, preferred stock, index funds, equity index and pooled funds, and real estate) will not have a maturity, and their total would only be reported in the custodial credit risk section.

Continued on next page

Comptroller's Directive No. 2-07
Attachment HE-10A
Schedule of Cash, Cash Equivalents, and Investments at June 30

Directions for the “Cash Equiv. & Inv. NOT w Tr” tab, continued

Total Reported Amount:

The reported amount column will automatically total from the amounts listed as category 3 and uncategorized in the custodial credit risk columns of the spreadsheet.

An “Error” message will appear for debt securities if this amount does not agree to the sum of the interest rate risk amounts entered. The overall total of category 3 and uncategorized cash equivalents and investments must agree to the amount reported at Part 3 in the “Detail” tab of the spreadsheet. If it does not, an “Error” message will appear in the “Detail” tab.

**Directions for
the “Foreign
Currency Inv”
tab**

List the **fair value** of **each** cash equivalent/investment types subject to foreign exchange risk. Foreign exchange risk is the risk of an investment’s value changing due to changes in currency exchange rates and/or the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to adverse movements in exchange rates. The total amount must agree to Part 4 in the “Detail” tab.

Comptroller's Directive No. 2-07
Attachment HE-11
Reconciliation

Purpose

Institutions must reconcile the HEI's individually published financial statements submitted pursuant to Attachment HE-13, Report of Financial Condition, to the Attachment HE-10, Financial Statement Template. **For FY 2007, institutions must use DOA's format.** This reconciliation is needed to ensure that all adjustments posted to the HEI's individually published financial statements are also included in the Attachment HE-10, Financial Statement Template.

Applicable institutions

All institutions that issue individually published financial statements **must** complete this attachment.

Due date

September 27, 2007 *

(*Note: This due date is two weeks earlier than prior year's due date.)

Certification (new tab)

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.

Submission requirements

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution's acronym followed by Attachment HE-11. For example, VCCS should rename the Attachment HE-11.xls file as VCCS Attachment HE-11.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

Comptroller's Directive No. 2-07
Attachment HE-11
Reconciliation

**Attachment
format**

This attachment has the following eight tabs:

- HEI-Assets
- HEI-Liabilities
- HEI-Net Assets
- HEI-Rev, Exp, and Chgs
- Foundations-Assets
- Foundations-Liabilities
- Foundations-Net Assets
- Foundations-Rev, Exp, and Chgs

Each tab is set up with column headers representing financial statement template (FST) line items and rows representing the individually published financial statement line items.

The HEI must record the individually published financial statement line items on the applicable tabs. Amounts must be reported in the applicable column. The row totals should agree to the amounts reported in the individually published financial statements. The column totals should agree to the FST line items (see Note A).

Note A: The HEI column totals for each FST line item should agree to the HEI Total Year-End June 30, 2007 column on the FST tab. The foundation column totals for each FST line item should agree to the Foundation(s) Year-end Totals reported on the Combining FST tab*.

Note*: If the HEI does not include the elimination entries that are reported on the Combining FST in their individually published financial statements, then the reconciliation would need to be to the Combining FST subtotal column (prior to elimination entries) amounts.

**Reasonableness
of line items**

Ensure the individually published financial statement line item titles as compared to the FST or Combining FST line item titles are reasonable and consistent.

Comptroller's Directive No. 2-07
Attachment HE-12
Adjustments

Purpose

This attachment requires institutions to certify that all adjustments since DOA's acceptance of the initial submission have been provided to DOA for the following:

- Attachments HE-1 through HE-8,
 - Supplemental Information, or
 - Additional information requested by DOA.
-

Applicable institutions

All institutions **must** complete this attachment.

Due date

September 27, 2007 *

(*Note: This due date is two weeks earlier than prior year's due date.)

**Certification
(new tab)**

The **Certification** tab is new for FY 2007, and it requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; and the preparer and reviewer were not the same individual for any tab.

**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the institution acronym followed by Attachment HE-12. For example, VCCS should rename the Attachment HE-12.xls file as VCCS Attachment HE-12.xls.

DOA's e-mail address has changed from the prior year. Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of this spreadsheet.

Comptroller's Directive No. 2-07
Attachment HE-12
Adjustments

**Revised
submissions
and revision
control log**

If an institution has identified required adjustments **subsequent** to DOA's acceptance of the original submission, a revised attachment or supplemental information / additional information is required. Attachments HE-2 to HE-8 require a revision control log. Refer to the individual attachment instructions to determine the specific revision instructions.

**Additional
requirements**

THE INSTITUTION MUST NOTIFY THE INDIVIDUALS LISTED IN THE **QUESTIONS SECTION OF THIS DIRECTIVE IF MATERIAL ADJUSTMENTS ARE DISCOVERED AFTER SUBMITTING THIS ATTACHMENT TO DOA.**

Comptroller's Directive No. 2-07
Attachment HE-13
Report of Financial Condition

Purpose

Section 4-10.00 of the Appropriation Act provides each office handling State funds shall, upon the request of the Auditor of Public Accounts, make a detailed statement, **under oath**, of the financial condition of his office. This report of financial condition only applies to the HEI and excludes foundations.

Applicable institutions

All institutions must follow these attachment instructions.

Due date

October 11, 2007

Submission requirements

SUBMIT INFORMATION TO THE AUDITOR OF PUBLIC ACCOUNTS ONLY.

APA requests no Faxes!

For paper submissions and page 2 of this attachment (all paper submissions must be sent to APA no later than October 11, 2007):

Mail to: Walter J. Kucharski
 Auditor of Public Accounts
 P.O. Box 1295
 Richmond, VA 23218-1295

For E-mail submissions (only for those items not previously submitted):

E-mail Address: APAFinRept@apa.virginia.gov

Providing required information

- Send a copy to the **APA** of the draft individually published financial statements to include the following: Management's Discussion and Analysis, Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, Statement of Cash Flows, and Notes to the Financial Statements.
 - Send copies of all other DOA submissions to APA (**if not previously submitted**).
-

Comptroller's Directive No. 2-07
Attachment HE-13
Report of Financial Condition

**Notarized
statement**

**The following oath should be mailed (not e-mailed or faxed) to the
Auditor of Public Accounts:**

Institution

“I hereby affirm that the financial statements or information of the HEI
submitted are true and correct to the best of my knowledge and belief.”

Signature

Title

The oath should be administered by a notary or other officer authorized by
Section 49-4 of the *Code*, and such notary or other officer should complete a
certificate in substantially the following form:

State of Virginia; City / County of:

This is to certify that _____ on this
_____ day of _____, 2007 took and subscribed the
foregoing oath required by the laws of the Commonwealth.

Name of Notary

Title